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THE TREASURY

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THE 'TREASURY

By

SIR THOMAS L. HEATH, K.C.B., K.C.V.O., F.R.S.

*Joint Permanent Secretary to the
Treasury, 1913-1919.*

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PREFACE

THE subject of the Treasury is not one that lends itself greatly to popular treatment ; and I confess that I have rather envied some of my late colleagues in the Service who have had to deal with Departments into whose story can be woven more of romance or of sentiment. These do not primarily attach to finance or a financial Department, though the Treasury has at different times had on its staff a minor poet, and a gifted and successful composer of light opera. In the circumstances, I have done the best I could with the material available, and I have tried, by diversifying the story, to make it as little dull as possible.

I wish here to express my acknowledgments to the authorities of the Treasury for giving me permission to write the book, and to thank my old colleagues and friends in the Department for the help they have given me in collecting the documents necessary for my purpose, and for many valuable suggestions.

My best thanks are also due to the Office of Works, who kindly gave me free access to plans and papers in their possession, without which the chapter on the Treasury building could hardly have been written.

T. L. H.

June, 1927.

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Chapter I

THE TREASURY OF TO-DAY

THE Treasury may be shortly described as the Department which, subject to the control of the executive and to the authority of Parliament, is responsible for the administration of the public finances of the country. The Treasury is this by definition, as it were; in essence it is the one permanent institution which stands between the country and national bankruptcy.

It follows that the Treasury as a Department, if it faithfully discharges the duties entrusted to it, can never be popular; conversely, if at any moment it should become popular, that fact itself would be conclusive proof that it was not properly fulfilling the purpose for which it exists.

In actual fact it is generally looked upon as a kind of bugbear or bogey, especially by those who advocate proposals for the extension of Government activities in connexion with, say, social, educational, or industrial services, the inevitable effect of such extension being almost always some increase in expenditure out of taxation, which it is the primary duty of the Treasury to control. But even the view taken of the Treasury as a bugbear or bogey is not without its advantages in practice. The administrative staff of the Treasury, by means of their specialised knowledge and experience, acquired as a

rule by long training, are often able to offer advice to the Chancellor of the Exchequer which secures the rejection of a proposal for increased expenditure received from some public department, institution or individual; but it is safe to say that there is a still greater number of proposals which the mere existence of the Treasury prevents from coming forward at all.

Even public departments and institutions have sometimes found the Treasury a useful bogey to hold up *in terrorem* when requests are made to them which are inconvenient or unjustifiable. Readers of Dickens will remember the immortal firm of Spenlow and Jorkins. Mr. Spenlow would never think of driving a hard bargain; he was, for himself, always prepared to make reasonable concessions, but unfortunately he had a partner (so he always said), Mr. Jorkins, who was adamant. "If a clerk wanted his salary raised, Mr. Jorkins wouldn't listen to such a proposition. If a client were slow to settle his bill of costs, Mr. Jorkins was resolved to have it paid; and however painful these things might be (and always were) to the feelings of Mr. Spenlow, Mr. Jorkins would have his bond. The heart and hand of the good angel Spenlow would have been always open but for the restraining demon Jorkins." The Treasury has sometimes been the Mr. Jorkins to the departmental Mr. Spenlow, but could bear up under the imputation, provided that the object of its existence was secured. Similarly it can afford to be subjected to criticism and abuse. The Assistant Secretary under whom I first served in the Treasury used to tell a story of an interview which

an official of another Department had with him about some proposal submitted by that Department. This official pressed his argument in the particular case to the point of being offensive. Realising this, he apologised for the strength of his language, but the Assistant Secretary with the greatest good humour replied: "Don't mention it, my dear fellow; I am paid to listen to that sort of thing."

The days are probably long past when connexion with the Treasury was a passport to social consideration. It is amusing to read again in "David Copperfield" that "Immense deference was shown to the Henry Spikers, male and female; which Agnes told me was on account of Mr. Henry Spiker being solicitor to something or somebody, I forget what or which, remotely connected with the Treasury." I remember, too, in my early days at the Treasury being asked, from time to time, by friends or acquaintances, whether I knew Mr. So-and-So who was "in the Treasury." Occasionally it turned out that he was in some Department of the Civil Service, seldom or never that he was in the Treasury or even remotely connected with it; but somehow it appeared that the ordinary person regarded the Treasury as being synonymous with the Government service generally. In fact, however, the Treasury is quite a small Department compared with many others in the Service. The higher or "administrative" staff consists of only seventy-six persons in all.

But, it will be asked, what is the Treasury? The Treasury is properly "The Commissioners of the Treasury" or "The Lords Commissioners of

His Majesty's Treasury." The statutory style is almost invariably "Commissioners of His Majesty's Treasury." Thus the Act 56 Geo. III (1816), c. 98 (uniting the public revenues of Great Britain and Ireland into one Fund and amalgamating the two Treasuries) enacts that His Majesty may by Letters Patent under the Seal of Great Britain appoint "Commissioners for executing the offices of Treasurer of the Exchequer of Great Britain and Lord High Treasurer of Ireland," and that "such Commissioners shall be called Commissioners of His Majesty's Treasury of the United Kingdom of Great Britain and Ireland"; but the very next Act (c. 99) of the same year (about the Earl of Elgin's Collection of Marbles) speaks (Sec. 1) of "The Lord High Treasurer of Great Britain or the Lords Commissioners of His Majesty's Treasury or any three or more of them." Strangely enough, Section 2 of the Act 50 Geo. III, c. 117, uses both forms, speaking first of "three or more of the Commissioners of His Majesty's Treasury," and then referring to them as "such three of the Lords Commissioners of the Treasury." The definition in Section 284 of the Act 39/40 Vict., c. 36, states that "the Commissioners of the Treasury" shall mean "the Lords Commissioners of Her Majesty's Treasury," and the definition in Section 3 of the Act 39/40 Vict., c. 45, says the same of "the Treasury."

In the Calendar of Treasury papers from 1682 onwards they are called "The" or "My Lords of the Treasury." The title "Lords Commissioners of His Majesty's Treasury" is however now invariably used in Treasury letters and generally in Treasury

Warrants, though not in Royal Warrants or in the Treasury Patent appointing the Board. Official Treasury letters go out in the name of "The Lords Commissioners of His Majesty's Treasury," who must be mentioned *once* by their full title (generally after "I am directed by"), while in the rest of the letter they may be referred to as "My Lords," "Their Lordships," or "They." I remember a Permanent Secretary who, not having been brought up in the Department, often wrote "I am directed by My Lords" (pure and simple), in which case it rested with his Private Secretary or some other junior clerk, in the interests of official propriety, quietly and unobtrusively to substitute (in pencil) "The Lords Commissioners of His Majesty's Treasury" for "My Lords" before the letter was copied for signature.

The Lords Commissioners form the "Board" of Treasury, which consists of the First Lord of the Treasury, who is normally the Prime Minister, the Second Lord, who is Chancellor of the Exchequer, and a certain number of "Junior Lords." The Board is created by Patent under the Great Seal, which appoints the persons named to be "Commissioners for executing the office of Treasurer of the Exchequer of Great Britain [and Lord High Treasurer of Ireland]." The Chancellor of the Exchequer is also created Under Treasurer by a separate Patent.

The Sovereign occasionally presided at meetings of the Treasury Board until the Regency, and the King's Chair is still preserved in the Board Room. During the reign of William III the Sovereign took

an active personal part in current Treasury business, hearing papers read and recording his opinion thereon.

In 1667 the Board met four times a week, when they considered petitions, heard applicants, and had papers read to them by the Secretary or Chief Clerks, who always attended in Court dress until within the nineteenth century. The Board used to meet twice a week till 1856. From 1667 to May, 1870, a system of "Fair Minutes" was in operation; these "Fair Minutes" were copies of the Minutes of the Board in chronological order preceded by an abstract of the papers read in sufficient detail to show the grounds on which the decisions were taken. From 1849 onwards the less important Minutes were allowed to be omitted from the "Fair Minutes."

After the close of Lord Liverpool's administration in 1827 the First Lord and the Chancellor of the Exchequer ceased to attend the meetings of the Board, and the business of the Board as such gradually became perfunctory. The Board now meets on special occasions only, as e.g. on the occasion of the appointment of a new Secretary who "is called in and takes his seat at the Board," or when some matter has to be heard by the Treasury sitting as a Board, e.g. in cases (between 1907 and 1920) where, in default of agreement between a Government Department and a patentee as to the terms on which the Department might use his invention, the Treasury had to fix such terms. Certain phrases, however, recalling procedure before a Board survive in ordinary Treasury

Minutes such as "My Lords read" and "Read again."

The number of the Junior Lords has varied from time to time. During the eighteenth century there were generally four; two Irish Lords were added in 1817, but in 1827 the total number was five, and in 1830 four. The normal number was reduced in 1849 from four to three. Since 1851 they have been paid £1,000 a year each, except for short periods in 1868-9 and 1873-4, when the Lord next to the Chancellor of the Exchequer was given a special position as Third Lord (with a view to his assisting in the heavy duties of the Financial Secretary) with a special salary of £2,000 in the one case and £1,500 in the other. Unpaid Lords have been appointed from time to time. There are at present five Junior Lords, of whom two are unpaid. Prior to 1711 all the Lords were nominated by the Sovereign himself, and the First Lord was only *primus inter pares*, but since that year the First Lord has nominated the rest of the Board.

The Junior Lords take little part in the ordinary Treasury business. They are, however, called upon to sign Treasury Warrants and other instruments requiring the signature of two members of the Board, and they have sometimes in the past undertaken departmental inquiries or a particular branch of business (one of them, for instance, used to deal with papers relating to superannuation). Their main work is in Parliament, where they act as assistant whips: Mr. Canning used to say that the duties of a Junior Lord were "to make a House, keep a House, and cheer the Minister."

The bulk of the day-to-day business of the Treasury, short of final decision upon important questions, is of course carried out, not by the Board, but by the permanent officers of the Department acting under the general directions of the Chancellor of the Exchequer.

The work naturally divides itself into three main kinds, (1) the administrative and deliberative work comprising (a) the purely financial business which has to be initiated and carried through by the Treasury with the authority of Parliament, and (b) the consideration and decision of the question of *what is to be done* upon all particular proposals coming before the Treasury from Government Departments or other quarters, (2) the accounting work, (3) the clerical and routine work which is more or less mechanical, such as the registering of letters, keeping of papers (including the noting of decisions in order to facilitate easy future reference and the ready finding of precedents), shorthand writing, typing, dispatch of letters, etc.

The work of the first class mentioned above is performed by the higher establishment of the Treasury working under the Secretaries. The method of their recruitment, normally by open competition, is a guarantee that they are men of high intellectual qualifications to begin with. Add to this the effect of long training and experience in the handling of difficult problems, and it would not be easy to find a body of men better qualified by expert knowledge, critical judgment, and experience of affairs to discharge such high functions. Being permanent, not changing with Governments, working under different Chancellors of the Exchequer,

who may hold diametrically opposite political views and may approach public finance and questions of revenue and taxation from any number of different standpoints, they necessarily acquire a habit of appreciating all sides of a question and a freedom from prejudice which they could hardly attain under any other system, and which must add incalculably to the weight and authority of the expert advice they are able to tender to Ministers. "The business of a civil servant," Lord Welby used to say, "is to do what he is told." This is a true and wise dictum, but the system at all events ensures that the Minister need not give his directions without full knowledge of all the facts and all the considerations affecting the particular case.

I have mentioned the Secretaries. There are three Secretaries, two of them being political officers changing with the Government. The Financial Secretary is the deputy of the Chancellor of the Exchequer in the House of Commons, and he takes a large part in ordinary Treasury business, being the workaday political chief of the Department. The Parliamentary Secretary takes no part in Treasury business; he is the Chief Government whip and was formerly also called the Patronage Secretary because he distributed the patronage of the Treasury in the Revenue Departments and other offices among the nominees of supporters of the Government. The Permanent Secretary is the permanent head of the Department.

It is not known when the office of Secretary began, but, so long as there was only one, he seems to have been a permanent officer. When two were

appointed, one at least had a seat in Parliament. Sir Philip Warwick was Secretary to the Treasury Lords in 1660 and to Treasurer Southampton from August, 1660, to 1667. The new Treasury Commissioners of May, 1667, appointed Sir George Downing as their Secretary; Sir George Downing held the post till 1671, speaking frequently in Parliament on financial matters. He was succeeded by Sir Robert Howard. After him Mr. Charles Bertie seems to have acted as Secretary from 1673 to 1678, and Mr. Henry Guy from the beginning of 1679 to 1695. Mr. William Jephson also appears as Secretary to the Lords of the Treasury from April, 1689, to 1691. Mr. William Lowndes was appointed Secretary in 1695, having apparently been a Treasury clerk; he was Secretary without a seat in Parliament till 1724. (It is worth noting incidentally that, quite in accordance with the fitness of things, it was William Lowndes who was the author of the dictum "Take care of the pence and the pounds will take care of themselves." The authority for this is "Lord Chesterfield's Letters," where we read: "Old Mr. Lowndes, the famous Secretary of the Treasury in the reigns of King William, Queen Anne, and King George I, used to say, *take care of the pence and the pounds will take care of themselves.* To this maxim, which he not only preached but practised, the two grandsons at this time owe the very considerable fortunes that he left them."*

* *Lord Chesterfield's Letters*, ed. Lord Mahon, 1845, vol. I., pp. 410-11. I owe this reference to the kindness of Mr. John Beresford, author of *The Godfather of Downing Street, Sir George Downing, 1623-1684*.

And do not "Lowndes Square" and "Lowndes Street" bear testimony to this day?) A memorandum in the first volume of the Treasury Fee Books records that Thomas Harley was in June, 1711, associated with W. Lowndes in the office of Secretary to the Treasury, and that from that time the office fees on all Warrants to be signed were, as to two-thirds, to be shared equally between the two Secretaries, the remaining one-third going to the four Clerks. The fees and new year's gifts received from the public offices and officers constituted the only emoluments of the Joint Secretaries. The gifts were not always in money, for a Mr. Thomas wrote in July, 1696, thanking Mr. Lowndes for the appointment of Receiver-General of Casual Revenue in Barbados, and saying that he had sent him "a few sweetmeats" in H.M.S. *Bristol* and designed to send him "all sorts of sauces." As late as Mr. Addington's administration it was the practice of each incoming Financial Secretary to have so many yards of velvet plush ordered, nominally for official curtains, but really for his own domestic use if new curtains were not wanted.

The Secretaries were sometimes pluralists, as when, e.g., in 1796, Mr. George Rose was Clerk of the Parliaments, Master of the Pleas in the Exchequer, and Keeper of the Records in the Exchequer as well as Joint Secretary to the Treasury, and drew over £7,000 a year in emoluments.

In 1782 a fixed salary of £3,000 a year from the Fee Fund was given to each of the Joint Secretaries

besides about £279 each in New Year's gifts. The salary became £4,000 in 1800, but was reduced in 1821 to £3,500, in 1831 to £2,500, and in 1851 to the present figure of £2,000 per annum. The Secretaries ranked as first and second, the first being Parliamentary or Patronage Secretary in direct subordination to the First Lord, and the second Financial Secretary in direct subordination to the Chancellor of the Exchequer, as at present.

The Permanent Secretary under that title dates from 1867. A Commission of Inquiry of 1786 had recommended that one of the Joint Secretaries should be "stationary." The first step in this direction was the appointment of Mr. (afterwards Sir George) Harrison, who had been head of the Land Tax Redemption Office, as Law Clerk and Assistant Secretary in 1805. The post of Assistant Secretary continued with varying emoluments under that title till 1867, when Mr. G. A. Hamilton, who then held it, was given the title of Permanent Secretary. The post was originally created for the purpose of preserving the traditions of official administration which were in danger of being lost after both the Secretaries had become political officers.

The Permanent Secretary is also Auditor of the Civil List, a post which has in recent years always been held by a Permanent Secretary or Assistant Secretary without additional emolument, though there is power under Section 8 of the Act 56 Geo. III, c. 46, to appoint an auditor at a salary not exceeding £1,500 per annum.

Below the Permanent Secretary the higher permanent establishment is now organised in the following classes :—

- 3 Controllers (Finance, Supply Services and Establishments).
- 3 Deputy Controllers.
- 1 Director of Women's Establishments.
- 12 Assistant Secretaries.
- 29 Principals.
- 20 Assistant Principals.

Some of the Assistant Principals and Principals act as Private Secretaries to Ministers, the Permanent Secretary and the Controllers, with allowances as such in addition to salary.

Intermediate as it were between the higher establishment and the Accountant's staff are the Treasury Officers of Accounts. One is an Assistant Secretary acting *ex officio* without extra emolument ; the other is a separate officer, and has an assistant. The duties of the Treasury Officers of Accounts (formerly called " Public Accounts Commissioners ") are to frame forms of accounts for new services, to advise and report on questions of account in all Departments of the Service, and on cases of fraud.

The above organisation was introduced in 1919 at the instance of the then Finance Committee of the Cabinet. Before that date the higher establishment consisted of :

Permanent and Assistant Secretaries
or their equivalent.

Principal Clerks.

First Class Clerks.

Second Class Clerks.

The Controllers and Deputy Controllers in the present establishment correspond to the former Permanent and Assistant Secretaries, the Assistant Secretaries to the former Principal Clerks, the Principals to First Class Clerks, and the Assistant Principals to Second Class Clerks. The normal number of Secretaries before the war was three—generally one Permanent Secretary and two Assistant Secretaries (or their equivalent, with titles differing slightly from time to time). The three Controllers under the present Permanent Secretary have the same status in the Civil Service and the same salary as Heads of Departments, so that the post of the former Permanent Secretary has in effect, under the new organisation, itself been put into commission. A step towards this had been taken even before the war, when for a period up to the retirement of Sir Edward Hamilton there had been two Joint Permanent Secretaries with two Assistant Secretaries; and two Joint Permanent Secretaries were again appointed in 1913, while, for a period during the war, there were three Joint Permanent Secretaries. Meantime the total staff, which in 1914 was 141, reached in 1921 its maximum figure of 373, and in 1926 was 323. This increase of total numbers

and the less than proportionate increase of the controlling staff above the Assistant Secretaries (to one Permanent Secretary, three Controllers and three Deputy Controllers) are a fair measure of the increase in the work falling on the Treasury as the result of the war and the financial conditions obtaining since then.

A word may perhaps be added as to the Permanent Secretary in relation to the three Controllers. The specific distribution of Treasury work, under the direction of the Permanent Secretary, is made clear by the titles of the three Controllers, namely, the Controller of Finance, the Controller of Supply Services (which means voted services generally) and the Controller of Establishments. The Permanent Secretary himself, as permanent head of the Department, is responsible for the organisation of the Treasury and for the general supervision and co-ordination of the work of the Department as a whole. Apart from these responsibilities, he is the officer to whom the Board turn for advice on general questions and particularly questions relating to the Service as a whole. Further, at the time of the reorganisation, His Majesty's Government decided, as notified by a Treasury circular issued in September, 1919, that he should act as permanent head of the Civil Service and advise the Prime Minister in regard to Civil Service appointments, decorations and such like, an arrangement which has continued ever since.

It will throw light on the way in which the administrative work of the Treasury is learnt and done by the higher establishment if I sketch shortly

the stages through which any ordinary letter addressed to the Treasury from a public department or other correspondent passes (I omit letters about matters which are seen to belong to some other department, which letters are at once transmitted to the proper quarter if known). The incoming letter, after the routine processes of registration, search for previous papers, etc., have been completed, passes to the Division concerned, where it will frequently fall to be dealt with by the junior officer of the Division, an Assistant Principal, who may be a man quite recently appointed. This junior officer starts with a clean slate, as it were; and he can, according to his lights, make his contribution towards the preparation of the case for a decision by his superior officers, or himself suggest what the decision should be. There is no period at the beginning of his service during which he is confined to mere routine or mechanical work; he can plunge at once *in medias res*. Any paper which is beyond his competence he sends forward to the Principal under whom he works. The Principal will, as a rule, be a man of some years' service, with considerable experience. He will naturally overhaul what the junior has written, and will see how far he has got on the right lines or failed through inexperience to do so; he will give him hints as to how to deal with a future case of the kind, what particular points to look for, and so on; for it is a special duty of the Principal to help the junior to learn his work. The Principal will then either dispose of the paper himself or submit it with any further observations to the Assistant Secretary in charge

of the Division. It is again in the discretion of the Assistant Secretary in question whether he shall decide the matter himself or submit it to still higher authority, namely, one of the Controllers. Similarly the Controller may or may not send the paper forward to the Permanent Secretary or the Financial Secretary, and so on.

The Permanent Secretary and the Controllers respectively see to it that all papers involving important issues of either finance or policy, and all questions involving political considerations or likely to come up in Parliament, are submitted to Ministers before a final decision is taken. Needless to say, there is also machinery by which Ministers as well as the Permanent Secretary and the Controllers are enabled to see any papers on any subject, however unimportant in itself, in which for any reason they are interested.

The work in its various stages is in great part done on paper: a system which ensures that the arguments leading to a particular decision remain fully on record. The present tendency is towards oral discussion between officials, or between officials and Ministers, as a more direct and expeditious method of exploring and deciding many questions. Moreover, even when a question has been fully discussed on paper, a conference is often found very useful in the final stage for the purpose of defining the issue and so facilitating a speedy decision.

Civil Service methods are, of course, always anathema to the vulgar: nevertheless, with regard to the administrative work done in the Treasury

(and doubtless in other great Departments also), it may be said that it would be difficult or impossible to devise a system better adapted for training the staff from the beginning, and establishing a chain of responsibility such as to secure that nothing shall be done at any stage without proper authority.

Of the auxiliary departments in the Treasury, the Accounts Branch stands first in order of importance. It is in charge of an Accountant, with a Deputy and an Assistant Accountant, who have under them a staff of about seventeen, classified according to the grades and scales common to all departments of the Service.

The duties of the Accountant are under the following heads: (1) Exchequer and National Debt accounts and statistics; (2) Votes of Parliament; (3) Deposit Funds accounted for by the Treasury; (4) Audit of Sheriffs' Accounts; (5) assistance to the Auditor of the Civil List. (1) The Exchequer Accounts at the Banks of England and Ireland are operated on by the Treasury, and the Accountant prepares the orders on the Consolidated Fund for payments from those accounts, and keeps the necessary records, including detailed analyses of the National Debt, together with dividends thereon. Statistics of Revenue, Expenditure and Debt required in connection with the Budget are collected by the Accountant, and figures for Parliamentary Returns of the National Debt, Consolidated Fund, etc., are prepared by him, as well as the Finance Accounts and statistics for other publications, e.g. Statistical Abstract, Local Loans Return, etc. (2) The Accountant records the

proceedings in the House of Commons in relation to the Votes, notifies to Departments sums available, subsequently issuing such sums as are required to the Paymaster-General, and dealing with sums to be surrendered. His records enable him to advise as to the sums to be taken "on account" for the Civil and Revenue Departments. The Votes of Parliament accounted for by the Treasury itself are numerous, e.g. Rates on Government Property, Treasury, Privy Seal Office, Secret Service, Miscellaneous Legal Expenses, Royal Commissions, Scientific Investigation, Telegraph Subsidies, Grants to Universities and Colleges, Miscellaneous Expenses, Expenses under the Representation of the People Act, etc., besides special Votes of a non-recurrent kind, Votes of Credit, and so on. The Accountant prepares the Estimates, monthly accounts for audit, and the appropriation accounts at the end of the year. He also pays the weekly wages of clerical and typing staff, messengers and charwomen, and the monthly salaries of all officers not paid by cheque.

The variety and importance of these duties render the post of Accountant in the Treasury one of the most onerous and responsible in its kind that exists.

Another auxiliary to the administrative Treasury is the clerical establishment, which is organised under a Chief Clerk and manned generally by clerks, shorthand typists and typists on the normal Civil Service scales. This staff of about 100 persons all told provides for : (1) a Central Registry, which acts as a central clearing house and store for records ; (2) a small clerical staff for each of the three main

Divisions of Finance, Supply Services and Establishments respectively, which staff is engaged in such work as noting for precedents, search for papers, etc., and (3) the staff engaged on shorthand writing, typing and dispatch of letters.

Finally, the Treasury of necessity employ a considerable subordinate staff under an Office Keeper and a Deputy Office Keeper. This staff consists of messengers, some of whom are attached to No. 10, Downing Street (under a Superintendent) and others, mostly temporary, to the Parliamentary Secretary (also under a Superintendent), hall porters, coal porters, and charwomen. The Office Keeper is responsible for the discipline of the entire staff in these categories.

* * With reference to the passages in this and later Chapters relating to the Controllers in the Treasury, I should explain that the book was written before the recent announcement that, as from August 1st, 1927, the posts of Controller of Finance and Controller of Supply Services will be combined under the title "Controller of Finance and Supply Services."

T. L. H.

Chapter II

THE EXCHEQUER AND THE TREASURY : HISTORICAL

THE history of the Exchequer is a long story, and is already the subject of a good number of separate books and papers ; it will therefore only be touched upon here so far as is necessary to show the origin of the Treasury, and of the post of the Chancellor of the Exchequer, who is its working head. The Treasury is a fissiparous offshoot of the ancient Exchequer ; for, so far from making requisitions on the Comptroller-General of the Exchequer for credits on the Exchequer Accounts (as now), the Treasury was originally only a part of the Exchequer, under the name of the "Treasury of the Receipt of the Exchequer."

The name "Exchequer," as everybody knows, comes from the chequered cloth divided into squares by intersecting lines, and so resembling a chess-board, which covered the table, and on which, as on an abacus, calculations were made by means of counters. Columns were set apart for the various denominations, the right being for pence (up to eleven), the next for shillings (up to nineteen), the next for pounds (up to nineteen), the next for scores of pounds (up to four), the next for hundreds (up to nine), and the next for thousands of pounds ; and the sums to be added or subtracted were arranged

in the squares belonging to the various columns, according to the units of the particular denomination contained in each of the said amounts.

Till recently writers have generally supposed that the Exchequer was introduced by the Conqueror. This is erroneous, and it has been recently proved that its institution took place at some date in the reign of Henry I, probably in the second decade of the twelfth century, and certainly not later than May, 1118. The first detailed description of it is in the *Dialogus de Scaccario*, written about 1177 by Richard, Bishop of London, who was an ex-Lord Treasurer. We learn from this work that what was then known as the Exchequer was formerly known as "the Tallies," showing that the notched stick cleft in two, which remained in use at the Exchequer till 1826, was the primitive method of giving receipts to the sheriffs for their payments on account (one half being given to the sheriff and the counterpart being retained, so that, when the sheriff produced his portion on concluding his annual account at Michaelmas, the two could be matched).

In its constitution the Exchequer was the *Curia Regis*, sitting for the transaction of revenue business. Most of the great officers of the King's Household sat in it or had representatives there. The King in person, or the Justiciar as his representative, presided; the Chancellor, the Treasurer, the Chamberlains, the Constable, and the Marshall, all had seats, and the rest of the Court consisted of tenants-in-chief (*barones*). The Court met twice a year, at Easter and Michaelmas, the accountants

who were summoned there being the sheriffs of the shires and the bailiffs of the liberties and franchises.

The Exchequer was divided into the Upper Exchequer (*Scaccarium superius*) and the Lower Exchequer (*Scaccarium inferius*). The Upper Exchequer was a court of account in which the royal revenue was managed, the accounts of its collection and disposal audited, and questions affecting it heard and determined. The Lower Exchequer, or Exchequer of Receipt, was concerned only with the actual receipt and issue of money; and it was with the Lower Exchequer that the permanent Treasury was connected.

An idea of the organisation of the ancient Exchequer will perhaps best be gathered from a classification of the offices in existence during the reign of Henry II, given in Mr. Hubert Hall's "Antiquities of the Exchequer," pp. 77-78.

Just as there were two Exchequers, the Upper and Lower, each of them had its appropriate staff of officers. In the Lower Exchequer only the Treasurer and the Chamberlains were represented, and that by their deputies. The following is the classification referred to, as to which Mr. Hall notes that the officers marked with an asterisk properly belonged to the Receipt or to the department known as the Scriptorium.

<i>Upper Exchequer.</i>	<i>Lower Exchequer.</i>
President.	
Treasurer.	
*Treasurer's scribe.	} Treasurer's clerk.
*Clerk of the Rolls	

Chancellor.	}	
Chancellor's clerk.		
*Chancellor's scribe.		
Constable.		
Marshall.		
*Constable's clerk.	}	Deputy Chamberlains.
Chamberlains.		Usher.
*Cutter of the Tallies.		Tellers.
*Knight Assayer.		Weighers.
*Melter.		Watchmen.
		Clerks, Sergeants.
		Porters, Messengers.

The officers in the above list who particularly interest us are the Treasurer, the Treasurer's scribe, the Chancellor's clerk, and the Chancellor's scribe.

The office of the Treasurer was the most important of all. No wonder that the author of the *Dialogus* says of the Treasurer that he could hardly explain in words the cares and anxieties of his office, though he had the pen of a ready writer. The Treasurer had the superintendence of every department, and "his solicitous diligence was necessary in all the transactions of both the Upper and Lower Exchequers"; but his especial care was in the matter and composition of the Great Roll.

The Great Roll of the Exchequer, or the Pipe Roll as it was afterwards called, was the Roll on which the yearly charges against the sheriffs and other accounting officers of the Exchequer were entered, and the result of the final audit of their

accounts was recorded. A new edition of the Great Roll had to be annually prepared, embracing such alterations as the varying conditions of the county farms, etc., made necessary. The Treasurer was responsible for the writing and custody of the Roll, and for seeing that there was no error in number, cause or person, and that no one should be discharged who was not quit, and no one charged who had acquitted himself. Such was the authority of the Roll that none were allowed to contradict or alter it unless there was an error manifest to all, nor even then could it be altered unless with the common consent of all the Barons present at the time. The Roll was actually engrossed by the Treasurer's scribe on sheepskins specially selected. The scribe sat at the Exchequer table by the Treasurer's side, writing at his dictation and under his immediate supervision. In case of a clerical error in the Roll, no erasure was ever permitted, but an interlineation was made when necessary; it is to this regulation that the use of sheepskins is attributable, as these are most sensitive to erasure.

The King's Chancellor represented the equitable power of the Curia in the Exchequer. The Great Seal was commonly kept in the Exchequer. The Chancellor had a scribe who copied the Great Roll word for word, to form the duplicate known as the Chancellor's Roll, which was a check upon that kept by the Treasurer's scribe. The Chancellor's clerk, who overlooked the work of the scribe, was the means of ensuring still greater accuracy. If the Chancellor, on the basis of his duplicate Roll, challenged the authority of the leading record, the

question at issue was argued before the Barons and decided by them.

In course of time, the great officers of state, who had other duties to perform, ceased to attend at the Exchequer, and provision had to be made for their duties being discharged by officers of the Exchequer itself.

The Treasurer came in time to be the presiding officer, in place of the King's representative, the Justiciar, whose post was actually extinct before the reign of Edward I. The Treasurer himself had to delegate a large part of his personal duties to his clerk and scribe, who later became known as Under Treasurer of the Exchequer and Clerk of the Pipe respectively.

Even before the date of the *Dialogus* (say before 1179) the Chancellor was not in attendance every day, and in his absence his duty of acting as a check upon the Treasurer must have devolved on the Chancellor's clerk; the Chancellor ceased altogether to attend in the reign of Henry III, when his clerk became the Chancellor of the Exchequer and was a recognised officer of the Court. The date of this change cannot apparently be stated exactly, but it was between the fourteenth and thirty-second years of the reign of Henry III (when Ralph of Leicester resigned the office of Chancellor of the Exchequer). In the eighteenth year of this reign John Maunsell was appointed to some office and to reside at the Receipt of the Exchequer, and to have a Counter-Roll of all things pertaining to the Receipt; and Madox conjectures that this was the first appointment of a Chancellor

of the Exchequer. The Chancellor's scribe, who copied the Chancellor's Roll, became the Comptroller of the Pipe.

From an early period there was power to appoint a Lieutenant to the Treasurer or Vice-Treasurer as the Treasurer's deputy. Thus King Henry III, in the sixteenth year of his reign, granted his Treasury of the Exchequer to Walter de Mauclerc, Bishop of Carlisle, to hold during his life ". . . so that he should have and keep the said Treasury at the King's Exchequer" in his own person, or by some discreet and fit person, his Assignee or Vicegerent. Again, in 35 Edward I, Walter de Langeton, Bishop of Coventry and Lichfield, Treasurer of England, made William de Carlton his Lieutenant by letter, which stated that "in his absence, he should hold his place for him here in the Exchequer and should do all things belonging to the office of Treasurer which the Treasurer himself might do if he were present in Court; except only as to the admitting of gross fines in the Exchequer, and that he should not intermeddle in anything relating to the Receipt of the Exchequer." The Lieutenant of the Treasurer was a temporary appointment.

The Under Treasurer, on the other hand, was a permanent officer. It is not clear when an officer was first appointed under that name. The earliest Declaration of the State of the Treasury by an Under Treasurer yet discovered is in 1507 (23 Henry VII), but it is clear that there was an Under Treasurer in the reign of Henry VI, as a late Under Treasurer of England, John Darell, was summoned to appear before the Privy Council on July 6th,

1434 (12 Henry VI) about a certain sum of 500 marcs which appeared to have gone astray (it was supposed to have been paid, but receipt of it was denied).

An instance is on record in which the Lord Treasurer was also Under Treasurer. The Earl of Southampton was appointed Lord Treasurer on September 8th, 1660 and, there being no Under Treasurer, he was, on the 12th of the same month, appointed to that office also. The Patent sets forth that the payment and issuing of money out of the Receipt of the Exchequer is, in sundry cases, usually made by the Orders and under the hands of the Treasurer and Under Treasurer, and that sundry other acts are usually done by the Treasurer and Under Treasurer jointly; and, there being no Under Treasurer, it directs the Treasurer to execute the duties of both offices during the vacancy. But as early as the time of Elizabeth the office of Under Treasurer was joined to that of Chancellor of the Exchequer, though the offices were granted by separate patents; this happened, for instance, in the case of Sir Walter Mildmay, who on January 17th, 1567 (9 Eliz.), was appointed to both offices, and it is still the rule.

The oaths taken by the Chancellor of the Exchequer and by the Under Treasurer respectively are recorded in the Red Book of the Exchequer (in a handwriting of the reign of Elizabeth), and are worth quoting:—

Oath of the Chancellor of the Exchequer :

“Ye shall serve well and trewly the Kyng our Sovereign Lord in the office of Chaunceler of this

Eschequer, and well and trewly ye shall do all thyngs that perteigneth unto that office ; and ye shall spede the Kyng's beseigne before all other ; and ye shall not enseale any writte or juggement of any other place than of this Eschequer with the seale of this place whiles the Chauncerie shall be XX myles aboute the place where this Eschequer is abydyng. And also ye shall sware that if it fortune you hereafter by reason of your office to make any clerkes or mynistres to occupy any office or place within this Courte ye shall make such clerkes and ministres as ye wyll answeere for at your peryll."

Oath of the Under Treasurer :

"Ye shall well and truely serve the Kyng our Sovereign Lord in the rome of Under Treasurer of this his Eschequer, and in the receipt of the same. And well and truly survey and order as well the receipts of all sumes of money payed and to be payed to the Kyng's use in the seid receipt as thissue of the same. And wele and truly behave yourself in the same roome, so help you God and all Saynts and the Holy Evangelists."

With regard to the judicial functions of the Exchequer it may be noted that, as a court of law, its primary business was to call the King's debtors to account and to recover lands, hereditaments, goods, chattels or other profits or benefits belonging to the Crown. The Common Law jurisdiction of the Exchequer was exercised by the Barons only (and not by the Treasurer or Chancellor). This side of the Court was open in the first place to the accountants who could claim to be the King's

farmers or debtors, but eventually the surmise of being the King's debtor became a matter of form, and the Court was open to all men equally. A similar development took place on the Equity side of the Court, where ultimately any person might file a bill against another, on the mere suggestion that he was the King's accountant: this Equity jurisdiction developed later than the Common Law jurisdiction. The Court of Equity was held in the Exchequer Chamber before the Lord Treasurer, the Chancellor of the Exchequer, the Chief Baron, and three puisne Barons. As late as Michaelmas term 1735, Sir Robert Walpole sat as Chancellor of the Exchequer in the case of *Nash v. the East India Company*; in that case the Barons were equally divided in opinion, and the Chancellor of the Exchequer, after a hearing of three days, gave the decision of the Court, which is said to have given general satisfaction. The Equity jurisdiction of the Court of Exchequer was abolished in 1841 and transferred to the Court of Chancery. (Its records were kept in the office of the King's Remembrancer, an office which is the only office, besides that of the Chancellor of the Exchequer, which is left of the ancient Exchequer.) The only remnant of the jurisdiction of the Chancellor of the Exchequer as a Judge on the Equity side of the Court of Exchequer is to be found in his annual attendance in Court for the pricking of the Sheriffs, when he takes precedence of all the other Judges.

With regard to the Treasurer, it should be added that in the reigns of Henry III, Edward I and II, he was sometimes called the King's Treasurer, and

sometimes Treasurer of the Exchequer, but it is not clear that he held two offices. In later times a distinction was made; thus the Black Book of the Exchequer, which gives an elaborate account of the great ceremony observed when the Earl of Godolphin took possession of his office in 1702, records that the Lord Keeper made a neat speech signifying His Lordship's great abilities and stating that he had two offices, that of Lord High Treasurer by delivery of the Staff, and that of Treasurer of the Exchequer by Patent, which was then read. Similarly Coke, in his 4th Inst., says that the Lord Treasurer of England was appointed by the delivery of a White Staff, but that in former times he was appointed by having delivered to him "the keys (golden keys) of the Treasury; when Treasure failed, the White Staff served him to rest upon or to drive away importunate suitors; but as Treasurer of the Exchequer he was appointed by Letters Patent."

The Treasurer's functions as Treasurer of the Exchequer were in ancient times chiefly discharged in the Exchequer, where he was in the habit of giving directions, *viva voce*, for carrying into execution the writs of the Sovereign addressed to the Treasurer and Chamberlains for anything done on the Receipt side of the Exchequer, and to the Treasurer and Barons for the Account side. At the same time the Lord Treasurer did sometimes give written directions to the Barons, which, as well as the King's writs, were entered on the Memoranda Rolls. In course of time the Lord Treasurer's other duties gradually interfered with

his attendance at the Exchequer, and this led to the adoption of a new system, the ultimate effect of which was to convert the Treasury into a separate Department of State giving directions to the officers of the Exchequer by warrants or written orders. This development did not take place all at once ; it was a gradual process, its first beginnings being usually dated back to the period of Lord Burghley's tenure of the office of Lord Treasurer when, owing to his duties as head of the Government, he came to sit less and less at the Exchequer. Lord Burghley is thought to have been the first Lord Treasurer to transmit his orders in writing to the Exchequer through a *Secretary* ; there is sufficient evidence of such orders or directions among the records of the Receipt side of the Exchequer in the time of Elizabeth.

Upon the death of Robert, Earl of Salisbury, in 1612, the Treasury was put into commission for the first time by James I, when the Earl of Northampton and four others were made Commissioners. This necessitated the adoption of written documents for the satisfaction of the officers of the Receipt who could not take orders from a plurality of persons ; and thus at length it came to be the established practice that no writ or sign manual warrant was or could be executed without a written warrant from the Lord Treasurer or Commissioners of the Treasury for the answering of it by payment out of the Receipt of the Exchequer. During the next hundred years the Treasury was repeatedly put in commission. On two occasions the Archbishop of Canterbury was First Lord, namely, in 1618 (Abbot)

and in 1635 (Laud). In 1620, in 1634-5, and again in 1660, the Secretaries of State were Commissioners. During the Commonwealth the Exchequer business was managed by Committees until Cromwell became Protector, when, in 1654, he re-established the Exchequer and put the Treasury again in commission (1654-1659). Charles II, at the Restoration, also put the Treasury in commission (June 19th, 1660). The new Board were assigned chambers for the transaction of their business, thereafter known as Treasury Chambers, as to which see Chapter XII.

The Earl of Southampton was Lord High Treasurer from the last days of August, 1660, to May, 1667, when the Treasury was again in commission and so remained till May, 1672. Except for short periods (including the years 1685-1686), the Treasury was in commission from 1679 to 1701. The last Lord Treasurers were Sidney, Lord (afterwards Earl of) Godolphin (1702-1710); Robert, Earl of Oxford and Earl Mortimer (1711-1714); and Charles, Duke of Shrewsbury (1714). The last named was appointed a few days before the death of Queen Anne and confirmed by George I, who, however, on October 13th, 1714, put the Treasury in commission once more with the Earl of Halifax as First Lord. It has so remained ever since.

We saw that, with the Treasury put into commission, it became the established practice that a written warrant from the Lord Treasurer or Commissioners of the Treasury to the officers of the Receipt of the Exchequer was necessary to enable a writ from the Sovereign or sign manual warrant

directing an issue from the Receipt to be executed. But the Treasury warrant itself was not enough to enable the issue to be made. An issue from the Exchequer was made by one of the Tellers upon an Order from the Auditor of the Receipt (a new name for the Writer of the Tallies), which Order had again to be presented to the Treasurer and Under Treasurer or Commissioners to be signed in token of approval and was afterwards directed by the Auditor to one of the Tellers by name: for this last purpose, in and after the reign of Charles II, an additional authority was required from the Treasury which specified the particular funds out of which the payment was to be made.

Thus the wheel had come full circle, and the officers of the Receipt were completely under the control of the Treasury; during the reigns of the Stuarts and up to the Revolution of 1688 these officers do not appear to have exercised any independent check upon the Treasury in dealing with public money and in the appropriation of Parliamentary grants.

When, however, after the Revolution of 1688, the attention of Parliament was more actively directed to the necessity for due appropriation of public moneys, an Act was passed in 1697 (8/9 Will. III, c. 28) "for the better observation of the course anciently used in the Receipt of the Exchequer and the good sure and regular methods established enacted or appointed to be observed and kept by the respective officers and ministers of the said Receipt in all matters concerning Receipts Payments or other business, etc." By this Act the

duties of the officers of the Receipt are minutely defined, penalties for laches are prescribed, and certain officers are required to take an oath for the faithful discharge of their duties, which oath is to be administered by the Commissioners of the Treasury, the Treasurer or Under Treasurer or the Barons of the Exchequer; it is further provided that nothing in the Act should lessen or diminish the lawful authority which the Commissioners of the Treasury or the Treasurer "have or ought to have over the officers and ministers of the said Receipt."

The Act 23 Geo. III, c. 82 (1783) provided for the abolition of the offices of the two Chamberlains, the Tally Cutter and the Usher of the Exchequer, and for the replacement of the Tallies by indented cheque receipts; these changes were to take effect upon the removal by death or otherwise of the holders of the offices in question, and actually took effect, upon the death of the last of the Chamberlains, in 1826, when tallies were finally discontinued.

The ancient constitution of the Receipt of the Exchequer was abolished by the Act 4/5 Will. IV, c. 15, the Auditor, Tellers and other officers being replaced by a Comptroller-General of the receipt and issue of H.M. Exchequer with an Assistant Comptroller, a chief clerk, clerks and assistants. The same Act directed that all public moneys theretofore payable into the Exchequer should be paid into the Bank of England to the credit of the Exchequer. It further provided that all salaries, allowances, incidents and other charges then payable in detail should be paid by a paymaster or officer

appointed for that purpose by the Treasury with the necessary clerks and assistants. The duties of this Paymaster of Civil Services, as he was called, were subsequently merged in those of the Paymaster-General.

The Act of 1834 provided a check upon payments out of the Exchequer ordered by the Treasury by warrant addressed to the Comptroller-General in that the latter officer, before giving the credits demanded, was required to satisfy himself that the payments directed were authorised by law and, where the Warrant recited a Royal Order, that the Order had been made in conformity with and had not exceeded the amount of the grant of Parliament.

In the same year (1834), after the abolition of the ancient Exchequer, the wooden tallies which had accumulated in the Exchequer office and were much in the way were burnt, and during the process a flue in the office became overheated, with the result that the Houses of Lords and Commons were burnt down (October 16th).

The Exchequer and Audit Departments Act of 1866, to which we shall have to refer hereafter, abolished the separate offices of the Comptroller-General of the receipt and issue of H.M. Exchequer and of the Commissioners of Audit (originally created in 1785), and gave both functions to the Comptroller and Auditor-General and an Assistant Comptroller and Auditor, both holding office during good behaviour, and assisted by a staff of clerks and other persons.

The first organisation of a salaried clerical staff in the Treasury, as distinct from officials paid by fees and perquisites, was in November, 1782, when

four chief clerks at £800, six senior at £380 to £500 and six junior clerks at £150 to £280 were appointed, as well as other officers, at fixed salaries; and all fees were directed to be paid into a Fee Fund then first established. New Year's gifts, however, and pluralism were still allowed to continue.

As an example of the various sources from which a Treasury clerk derived his emoluments, even after that date, the case may be cited of one who was a clerk in the Foreign Office as well as in the Treasury, had residential rooms in the Treasury and worked in either office as it suited him, going from one to the other every day or two to see that things went on properly; he held some other offices as well. This gentleman described his income as follows to the Commissioners of Inquiry in 1786:—

As Senior Clerk in the Treasury—

From the Civil List	£100	0	0
Allowance out of the Fee Fund		350	0	0
New Year's Gifts	49	8	0
		<hr/>		
		£499	8	0

As Clerk in the Foreign Office—

From the Civil List	£165		
Allowance in lieu of				
franking letters	179		
Allowance in lieu of				
franking newspapers				
to Ireland	36		
Profits from franking				
newspapers in Great				
Britain	30		
		<hr/>		
		410	0	0

As agent for the "Grenades"	£173	12	0
As Joint Receiver-General of the House Duty for London and Middlesex	240	0	0
As Registrar of Seizures	250	0	0
Pension	97	8	0
<hr/>			
Total	£1,670	8	0
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The system of New Year's gifts and, to a great extent, that of pluralism seem to have been put an end to in pursuance of the recommendations of the Commissioners of 1786.

Of more recent reorganisations the most notable were those effected by Treasury Minutes of August 8th, 1821 (Lord Liverpool's retrenchment scheme), October 17th, 1834 (when the old Exchequer Receipt Office was abolished) and July 4th, 1856 (Mr. James Wilson's scheme for uniting the two branches of the office, namely, that which prepared business for the Board and that which executed the directions of the Board).

Chapter III

THE BRITISH FINANCIAL SYSTEM

SOME short description of the main principles of the financial system of this country is a necessary preliminary to any account of the position and functions of the Treasury.

The best starting point for such a description is perhaps the Budget. In foreign countries the meaning of the term "Budget," though borrowed from English finance, is different from its meaning in this country. The English "Budget," according to the traditional Treasury view, is merely the speech of the Chancellor of the Exchequer when, soon after the close of the financial year on March 31st (very rarely before that date), he lays before the House of Commons the financial out-turn of the year just expired, the estimates of income and expenditure for the year just beginning and proposals for increased or diminished taxation as the case may be, together with any other changes in financial administration which the Government recommend for the approval of Parliament. Both uses of the term depart a little from the original idea, which was that on the occasion in question the Chancellor of the Exchequer, in the time-honoured phrase, "opens his budget," "budget" being an old name for a bag containing papers or accounts. The speech is necessarily but a summary

of the figures of the year under consideration, and in this respect differs from the Budget as generally understood abroad, namely, a large volume giving in detail the estimated income and expenditure of the year to which it applies.

The "Consolidated Fund" is the general account into which (with a certain exception) all the public revenues are paid, and out of which all the public expenditure is defrayed. (The exception is that the Army, Navy and Air Force and many Civil Departments are allowed to use, under strict Parliamentary control, certain receipts which they realise. These receipts are, therefore, not paid into the Consolidated Fund and form an exception to the general rule.)

The Consolidated Fund Account is also known as the Exchequer Account. The relation between the two terms will perhaps best be realised by means of the analogy of a box and its contents, the Exchequer being comparable to the box and the Consolidated Fund to the public money contained in it.

The financial year begins on April 1st and ends on March 31st of the next calendar year. The following is a short description of the course of events as regards the expenditure of any particular year from the first framing of the Estimates to the closing of the final account for the year. One difference between the English system and that followed in many foreign countries should here be noted. The English system includes in the accounts of a given year, not the payments in respect of or belonging to the year, but only the payments

actually made in the year. The practical advantage of this system is that it facilitates a speedy closing of the account which would otherwise not be possible, and keeps the financial record on a basis of realised facts, which our healthy, if insular, prejudice prefers to one of theory or logic.

The expenditure of the year is divided into two main classes :—

(1) The first consists of charges more or less permanent in their nature, which are authorised by Act of Parliament either for a fixed period or until the authorising Act is repealed or amended. These charges, therefore, do not form the subject of an annual vote of Parliament, but are defrayed as they fall due under the authority of the Acts in question. They are called Consolidated Fund Services or Charges, and they include (a) the interest and sinking fund and the cost of management of the National Debt, (b) certain payments to the Road Fund, payments in relief of Local Taxation, and payments to the Northern Ireland Exchequer, (c) the Civil List, annuities to members of the Royal Family, certain pensions granted for public services, the salaries of Judges and of certain high officers, whose independence is thought to be better guaranteed by permanent grant than by annual vote. The only detailed statement of these charges that is published is contained in the volume of the "Finance Accounts" annually presented to Parliament. Their total amount in 1913-1914, the year before the war, was £37,322,969; in 1925-1926 they amounted to £398,149,777.

(2) The second class of public expenditure consists of the ordinary charges of the military, naval and civil government of the country, as well as the cost of collecting the revenue and carrying on the Post Office, telegraph and telephone services. The sums required to meet these charges are annually granted by Parliament, and, as they are in the first instance voted in Committee of Supply, they are called grants for "Supply Services." The estimates for these services fall under five heads: (a) Navy Estimates, (b) Army Estimates and Ordnance Factory Estimates, (c) Air Force Estimates, (d) Civil Estimates, (e) Revenue Departments Estimates. The Estimates for a year beginning on April 1st are prepared in the last months of the preceding calendar year. The first three of the above sets of Estimates are prepared by the Admiralty, War Office and Air Ministry respectively, and have to be submitted to, and approved by, the Treasury before the three Departments respectively can present them to the House of Commons. The Estimates for the Civil and Revenue Departments are prepared, as well as presented to the House of Commons, by the Treasury, who obtain the figures necessary for the purpose from the various Departments and make such modifications as they see fit.

It has been explained that no annual vote of Parliament is required for the fixed charges on the Consolidated Fund, but that the Supply services have to be voted annually. As Parliament only grants money for the service of a particular year beginning on April 1st, it is necessary that some

money should be granted before the preceding March 31st in order to enable the public service to be carried on after April 1st.

The Supply Services Estimates are divided into "Votes" (or chapters), and the House of Commons grants the money by Votes (or chapters). The Navy, Army and Air Estimates contain respectively 15, 15 and 11 Votes, and the Civil and Revenue Departments Estimates 127. Each of these Votes can be discussed at such length as the House of Commons thinks proper, subject to any arrangement for the time being in force fixing a specific number of days for the discussion as a whole, and any item in the Vote can be rejected or reduced. But the House of Commons itself cannot add a penny to a Vote, it being a constitutional maxim of the State that expenditure can only be voted on the recommendation of the Crown, which is signified by a Minister.

As a matter of practice, money granted to meet expenditure on one Vote of the Navy, Army or Air Estimates is held to be *ad interim* applicable to any Navy, Army or Air service respectively. But money granted on one Civil or Revenue Department Vote is not, in any circumstances, applicable to another Civil or Revenue Department Vote. Accordingly, in order that funds may be available to start a year beginning April 1st, the House of Commons grants in the preceding March one or two of the Navy Votes, one or two of the Army Votes, one or two of the Air Votes, and a sum on account of each Civil and Revenue Vote, which is calculated to be about enough

to carry on each Civil or Revenue service forming the subject of a Vote till the end of a normal session.

Let us now see the means by which the money for Supply services is actually granted and made available. The Government submits Estimates to the House of Commons. These Estimates are discussed in Committee of Supply, and in due course are approved by resolution or *vote*, which is then reported to, and agreed to by, the whole House.

The expenditure having been thus approved, it is next necessary to provide funds to meet it. This is done by placing at the disposal of the Government the necessary money, or what is technically called "Ways and Means." When a considerable number of Votes have been passed, the House of Commons resolves itself into a "Committee of Ways and Means" and votes a general grant out of the "Consolidated Fund" sufficient to cover the total of the Votes so far passed. This vote of the Committee of Ways and Means, after it has been reported to and approved by the whole House, is embodied in a Bill which passes both Houses of Parliament and receives the Royal Assent; the money cannot be issued out of the Consolidated Fund until that Assent has been given.

In each session two or more such Ways and Means Acts are passed. The first is passed before March 31st and is called the Consolidated Fund (No. 1) Act; another, usually passed at the conclusion of the session, is called the Consolidated Fund (Appropriation) Act, or more shortly the Appro-

priation Act. The latter Act sets out in detail all Votes which the House of Commons has approved in Supply, and appropriates to them, and to them only, the required sums of money out of the Consolidated Fund. By this Act, therefore, Parliament (consisting of both Houses) ratifies the whole of the Votes of the House of Commons in Supply and provides the sums necessary to meet the respective charges.

The Estimates for a particular year having been prepared some months before the beginning of the year, it commonly happens that, before the month of August, new requirements have arisen which were not foreseen at the time when the Estimates were prepared. In that case Supplementary Estimates are presented, usually in the month of July; they are then taken either after or together with the original Estimates, and embodied with the sums voted on the original Estimates in the Appropriation Act.

Again, further requirements may arise before the end of the year, in which case Supplementary Estimates are presented to the House of Commons when it meets again in the spring. This batch of Supplementary Estimates is discussed and voted, covered by vote in Ways and Means, and ratified by the Consolidated Fund Act, before the end of March.

It is clear from the above that the control of Parliament over the grant of public money is complete. A fixed charge on the Consolidated Fund can only be paid under the authority of a special Act of Parliament; and a charge for a

Supply service can only be paid after it has been voted in Supply and covered by an Act authorising Ways and Means.

But it may be asked, how does Parliament secure that the Government or the Treasury does not take money out of the Consolidated Fund and apply it to a purpose which Parliament has not approved? This is provided against by the interposition of a high permanent officer whose full title is "Comptroller-General of the receipt and issue of His Majesty's Exchequer and Auditor-General of Public Accounts" (generally known as the Comptroller and Auditor-General), and who is independent of the Treasury and the executive. Money cannot be issued out of the Consolidated Fund or the Exchequer without the authority of this officer who, on receiving requisitions from the Treasury, gives them credit on the Exchequer Accounts at the Bank of England or the Bank of Ireland after he has satisfied himself that the demand is for a service authorised by Parliament: if a fixed charge on the Consolidated Fund, by a special Act, or, if a Supply service, by a Consolidated Fund Act or the Appropriation Act. The credits for Supply services so authorised are limited to the amount of Ways and Means provided in these Acts.

But again, assuming that money has been demanded and obtained from the Consolidated Fund for a service authorised by Parliament, what security is there against its being after all spent for some other purpose? This security is provided by the exercise of the second part of the functions of

the Comptroller and Auditor-General, namely his functions as Auditor. The Exchequer and Audit Departments Act, 1866, provides for the due rendering by every person entrusted with public money of an account of the disposal of such money to the Comptroller and Auditor-General. It is first necessary to explain the steps by which the money granted for the year reaches the persons entrusted with the spending of it, and how when spent it is accounted for.

The grants made by Parliament are made to the Sovereign, and the Sovereign by Royal Order directs the Treasury to issue out of the credits granted by the Comptroller and Auditor-General sums not exceeding the amounts so granted. The Treasury then from time to time, as the money is wanted, directs an issue out of the Consolidated Fund or Exchequer, so much from Army Votes, so much from Navy Votes, so much from Air Votes, and so much from Civil Votes, as the case may be; and the money so issued is paid to the account of the Paymaster-General, except in the case of the Votes for the Revenue Departments, issues from which are paid to the respective accounts of those Departments at the Bank of England. (For all ordinary purposes of finance, these issues from the Consolidated Fund or Exchequer are treated as expenditure: they correspond very closely with the actual expenditure, because at the close of each day the Paymaster-General and Revenue Departments are left with little more than a nominal balance in their hands.)

The Paymaster-General pays all the orders which

the Departments (other than the Revenue Departments) draw upon him, whether they are final payments or advances to other persons who have to spend the money in detail. In the case of the Revenue Departments, the expenditure chargeable against the Votes is in the first instance advanced by them out of the Revenue received, and the amount so advanced is replaced monthly (three months in arrear) by issues out of the Exchequer on account of the respective Votes. The Comptroller and Auditor-General knows how much the Treasury has directed to be issued out of the Consolidated Fund for the service of each Department, and how much each Department has been authorised by Vote of Parliament to spend; and, under the authority of the Exchequer and Audit Departments Acts, he requires each Department so entrusted with public money to account for it. The Comptroller and Auditor-General has then to satisfy himself that the money expended has been applied to the purpose or purposes for which the grants made by Parliament were intended to provide, and that the expenditure conforms to the authority which governs it. With this end in view the audit by the Comptroller and Auditor-General's officers is applied to the monthly accounts as rendered, locally and immediately in touch with the Departments, throughout the year, in preparation for the final report on the annual "Appropriation Accounts" referred to below.

The account of Exchequer issues for a given year includes only the issues actually made in that year. Similarly the Appropriation Account of a Vote

for any year is charged only with payments ordered within the year. If a payment is due on or before March 31st, but the payment is not ordered until April 1st or later, that payment, though for a service belonging to the expired year, is charged to the new year. But a payment ordered on or before March 31st is charged to the old year, notwithstanding that the cheque may not be presented for actual payment till after the close of that year.

The Appropriation Accounts ought to be rendered within three months of the end of the financial year. As, however, much of the public expenditure is incurred abroad, a margin of time is allowed. Accordingly, the following November 30th in the case of Civil Votes, and December 31st in the case of the Votes for the Army, Navy and Air Force, is fixed as the date on or before which the various Appropriation Accounts for the year ending March 31st must, without exception, be rendered to the Comptroller and Auditor-General.

That officer then draws up a report to Parliament on the account of each Vote, calling attention to any irregularity. These reports are attached to the Appropriation Accounts, which are presented to the House of Commons in the following February. They are then referred to a special Committee of the House called the Committee of Public Accounts, which reviews the account of each Vote, in which task it has the continuous assistance of the Comptroller and Auditor-General and a representative of the Treasury, and examines witnesses, who are generally the accounting officers for the respective Votes. The Committee reports its conclusions to

the House of Commons, calling attention to any irregularity and making any recommendations it sees fit. If there is a serious irregularity, it may be taken up and discussed by the House of Commons. Minor irregularities and the ordinary recommendations of the Public Accounts Committee are considered by the Treasury, who issue a Minute or Minutes dealing with each head of the Committee's Report, giving any necessary directions to Departments with a view to giving effect to the Committee's recommendations or, if the Treasury differ from the Committee, explaining the reasons for such difference and asking the Committee, in view thereof, to reconsider their opinion.

We have now traced the course of events in regard to the expenditure of a particular financial year from the time of the preparation of the Estimates to the rendering of the accounts to the Comptroller and Auditor-General, the Reports of that officer to the House of Commons, the examination of the Reports by the Committee of Public Accounts, and the proceedings on the Reports of that Committee.

Only one further detail remains to be added. It sometimes happens, notwithstanding all precautions taken, that the expenditure on one or more Votes in a particular year proves to have been in excess of the grants made by Parliament for the service of the year. In that case the excesses have to come before the Public Accounts Committee at the beginning of their proceedings in the next session, and the Committee reports to the House of Commons the necessity for Excess Votes to make

good the deficiencies. This happened for instance in the year 1924-1925. The Public Accounts Committee reported on the subject in February, 1926, and the Excess Votes were taken in Committee of Supply, reported to the House and finally covered by the Consolidated Fund (No. 1) Act, 1926.

Chapter IV

THE FUNCTIONS OF THE TREASURY

THE Commissioners of Inquiry in 1786 reported to the King that "the business of the Board of Treasury is to consider and determine upon all matters relative to Your Majesty's Civil List or other revenues; to give directions for the conduct of all boards and persons entrusted with the receipt management or expenditure of the said revenues; to sign all warrants for the necessary payments thereout, and generally to superintend every branch of revenue belonging to Your Majesty or the Public."

This description dwells mainly upon the functions of the Treasury in relation to the public revenue and Civil List rather than to the public expenditure. As a matter of fact, the character of the control exercised by the Treasury over the public expenditure has varied somewhat from time to time. For instance, from the Restoration until the end of the reign of George II the exercise by the Treasury of control over Army and Navy as well as Civil expenditure was much more direct and minute than it has ever been since. During that time the Treasury seems, in great measure, to have performed the functions now assigned to the Finance Departments of the Admiralty and War Office as well as those which still belong to it. If transports had to be

hired, or a regiment was in need of clothing, or ships were to be victualled or paid off, or sick and wounded seamen were homeless, or the officers of Ordnance were hard up, the Treasury had to see to it, to sanction estimates and provide the money, generally in driblets as the necessities of the Exchequer allowed. In like manner the Treasury exercised a much more immediate control over the operations of the Office of Works, summoning the professional officers of the Department and giving them direct orders. Every Department then lived from hand to mouth, looking to the Treasury for its daily bread, which it often had to take in the form of Exchequer tallies.

Not seldom there was a touch of humour in the communications which passed, as when in a memorial to the Treasury of September 25th, 1694, the officers of the Ordnance say: "Your Lordships have been always so kind as to pardon our troublesome addresses, when Their Majesties' affairs have not permitted you to assist us; but we are now brought to such a pinch in point of credit, for carrying on our business, that a small chiding and a round sum would please us better."

This direct method of administration was much facilitated by the fact that the Board met several times a week and made a practice of summoning applicants before it, so that oral directions could be given. Again the fact that the Board was presided over by the King must have given great weight to its decisions.

A good illustration of the character of Treasury business in the reign of Quenn Anne is afforded by

the following Agenda paper entered in the Minute Book of August 12th, 1710, and printed in the 4th volume of the Treasury Calendar, p. ix :—

“A paper to determine the days on which My Lords will sit for particular business in every week is read and approved in the words following :—

“Every Monday, forenoon and afternoon.—For petitions and reports with the business of Scotland and Ireland ;

“Tuesday forenoon.—Treasurer of the Navy or his instruments with their memorials for Navy and Victuals ;

“Afternoon.—Commissioners of the Customs with their presentments &c. ;

“Wednesday forenoon.—To make up and consider the paper of cash for that week drawn from all the weekly certificates.

“Ditto afternoon.—If Her Majesty pleases, to attend H.M. with the cash paper for Her to make the disposition, and to lay before Her such cases as shall be proper for Her direction, and such warrants &c. as pass the Royal Sign Manual ;

“Thursday, forenoon and afternoon.—Being a Council day, to be reserved, unless there be extraordinary business ;

“Friday morning.—The several paymasters of the forces with their instruments, and the Secretary of War, to attend with their memorials for money ;

“Afternoon.—The Auditor of Imprests and Auditors of the Revenues about their accounts ;

the Remembrancer about the process; and the agents about the taxes;

“Saturday.—To be reserved unless there be extraordinary business.

“The underwritten to attend upon summons only:—

“Commissioners of Navy, Victualling, Sick and Wounded and Transports, Board of Ordnance, Commissioners of Excise, Salt Duties, Stamp Duties, Wine Licenses, Hackney Coaches, and Hawkers and Pedlars, the Postmasters, the Attorney and Solicitor General, Comptroller of the Army Accounts, the Solicitors of the Treasury, Surveyors of the Lands and Woods, Surveyor of the Works, Auditor of the Plantations, and many others.”

Changes in the scope and manner of exercise of Treasury functions since the times to which the above details relate have been the more or less direct result of changes in constitutional practice, action by Parliament, which has found itself forced by circumstances to pay more minute attention to the details of financial administration, and so on.

The particular portion of the functions of the Treasury which consists in controlling the numbers and pay of official staffs is very much the growth of the last century. This is because it is only since about 1815 or later that the salaries of such staffs have, as a rule, been charged upon the Consolidated Fund or Parliamentary Votes. So long as an officer drew nothing from the Exchequer and had to pay nothing to it, he escaped the control of the

Treasury, and of Parliament also, in a great degree.

Treasury control was formerly exercised on behalf of the Sovereign ; now it is exercised rather on behalf of Parliament. The change came about through the gradual transfer of the charge for salaries from the Civil List and Fee Funds to Parliamentary Votes, which took place gradually from 1815 onwards. So long as salaries were largely a charge on the Civil List, the Sovereign was of course directly interested ; when they ceased to be so, and the Sovereign was himself placed on a definite Civil List, his interest in the general finance of the country naturally diminished, while that of Parliament, which had to make provision by vote for the transferred charges, increased.

Since 1815 there has been steady progress in the following directions : (1) the abolition of separate funds, the bringing of all public moneys into the Exchequer, and the charging of all public expenditure on the Votes or Consolidated Fund and particularly the former, (2) greater accuracy in estimating and increased precision in the details of Estimates, (3) greater strictness of appropriation as to amount and date of charge, (4) the extension of administrative and appropriation audit. No Bill imposing a charge on the Consolidated Fund or moneys provided by Parliament can be introduced without previous Treasury consent ; and Treasury authority is required for any increase of pay or of numbers of an establishment charged on public funds, and for the imposition of any new charges on the Votes.

On the larger financial issues arising, as a rule, out of some decision of the Cabinet on a great question of policy, whether involving legislation or not, the position of the Treasury has been materially strengthened within the last few years. In former days, before the proceedings of the Cabinet were systematised as the result of the establishment of a Secretariat to prepare material for their consideration, and to record and make known to the proper Departments and persons the decisions arrived at, it was possible, on occasion, in large measure to "short-circuit" the Treasury and to confront them in a particular case with a *fait accompli*. To meet the danger of a proposal with large financial consequences being thus passed without any opportunity being afforded to the financial Department of Government of offering criticisms or observations beforehand, definite instructions have now been circulated to the Departments on the authority of H.M. Government. It has become the common practice, in these days of Cabinets numerically large, to refer large questions in the first instance to Committees of the Cabinet who report upon them before the Cabinet as a whole is invited to take a decision. Notwithstanding that he is generally not a member of the Cabinet, the Financial Secretary to the Treasury is often a member of such Committees of the Cabinet, and this is a means of securing touch between the Treasury and the Committees. But, whether this is so in a particular case or not, it is clear that, if the finances of the country are to be kept on a sound basis, it is essential that the financial bearings of all questions of policy should be

comprehensively examined in advance between the Treasury and the Departments concerned, so that the business of the Cabinet Committees and of the Cabinet itself may be conducted with full knowledge of all the relevant facts and considerations.

Accordingly it has been definitely laid down by circular that any proposal involving the taxpayer's money, whether in the form of direct expenditure, or of Government guarantees or otherwise, will only be admitted for decision (one way or the other) by the Cabinet after it has been examined in all its bearings between the Treasury and the Department from which the proposal emanates. By a more recent circular (April 28th, 1924) the procedure has been still more strictly prescribed, and provision made that other Departments which may be concerned, and also (where contentious Bills are involved) the Law Officers, shall be associated in the preliminary consideration of each proposal. The circular prescribes that all memoranda, draft Bills and other constituents of Agenda must be sent to the Cabinet Secretariat for circulation only *after* their subject matter has been fully examined between the Departments from which they emanate, the Law Officers where contentious Bills are involved, and any other Departments concerned ; and these documents must bear on the face of them a specific statement that this examination has taken place. The documents are to be made as complete as possible by including in them the various arguments and criticisms which might be brought against the proposals advocated. To enable the members of the Cabinet (and Cabinet

Committees) to have time to consider proposals intended for Cabinet decision, and in view also of the possibility that such inter-departmental examination may result in definite differences of opinion necessitating the preparation of further memoranda by the dissenting Department or Departments, no memoranda, draft Bills, etc., which originate proposals for Cabinet decision may be placed on the Agenda until an interval of at least five days has elapsed after circulation, except on any occasion when the Prime Minister expressly authorises a relaxation of the rule.

Since 1861 the annual Committees of Public Accounts have consistently supported Treasury control (1) over Estimates before presentation, (2) over all expenditure in excess of Subheads of Estimates, or not specifically provided for in an Estimate, (3) over the mode of rendering accounts; moreover all Select Committees on Finance, such as those on Public Moneys in 1856, on Miscellaneous Expenditure in 1860 and on Civil Service Expenditure in 1873, have likewise uniformly looked to the Treasury as the Department to carry out and enforce their recommendations.

The means of securing due observance of Treasury regulations are afforded by the all-pervading scrutiny of the Comptroller and Auditor-General and his reports to Parliament (which come annually before the Public Accounts Committee). The Exchequer and Audit Departments Act, 1866, which established the office of the Comptroller and Auditor-General, also constituted the Treasury the supreme director and arbiter in matters of

Public Accounts, responsible to Parliament only. The said Act of 1866 has now been amended by the Exchequer and Audit Departments Act, 1921, and has to be read with the latter Act. The sections quoted in the rest of this paragraph are to be understood as sections of the original Act unless otherwise stated. Under Section 22 the Treasury appoints the "accounting officer" in each Department to sign and otherwise be responsible for the Appropriation Account required to be rendered by the Department to the Comptroller and Auditor-General; under Section 34 the Treasury similarly appoints the officers who render Public Accounts other than the Appropriation Accounts, and requires them to render such accounts to the Comptroller and Auditor-General; under Section 18 the Treasury determines what are to be deemed Public Accounts, while under sections of the Act of 1921 replacing Section 33 of the original Act, the Treasury can require the Comptroller and Auditor-General to examine and audit such accounts. Forms of account and account books have to be designed under the superintendence of the Treasury (Section 23 as amended by Section 9 (1) of the Act of 1921). Under Section 1 of the Act of 1921, replacing Section 27 of the original Act, the Comptroller and Auditor-General is bound, as required by the Treasury, to ascertain whether the expenditure or any portion of the expenditure in an Appropriation Account is supported by Treasury authority, and to report any expenditure which appears to have been incurred without such authority; whereupon, if the Treasury does not see fit to sanction such

unauthorised expenditure, it has to be regarded as being not properly chargeable to a Parliamentary grant, and to be reported by the Comptroller and Auditor-General to the House of Commons.

So far I have spoken mainly of the functions of the Treasury in controlling expenditure. As regards the collection and paying-in of revenue the Board of Treasury have absolute control. Not only are all officers concerned or employed in the collection or management of the Revenues made by Act of Parliament subject to the orders of the Board, but the Treasury have, under Section 10 of the Exchequer and Audit Departments Act, 1866, the duty of making regulations as to the times and manner of payment of the gross Revenues into the account of His Majesty's Exchequer at the Banks of England and Ireland, and have to prescribe the form in which the accounts of such payments and of all other moneys payable to the Exchequer shall be rendered to the Comptroller and Auditor-General.

The Treasury has power, under Section 2 of the Public Offices Fees Act, to determine the manner of collection of fees payable in any public office (as defined in the Act, and with certain specified exceptions) either in money or by means of stamps, and the way in which fees taken in money are to be accounted for and paid over; the Act 31 Vict., c. 9, also gives the Treasury a general power to direct that any fees or casual receipts theretofore applied in aid or diminution of charges on the Votes or the Consolidated Fund shall be paid to the Exchequer, provided Parliament shall have made other provision for the charges to which the same were applicable.

The Treasury administer the Civil Service Superannuation Acts (4/5 Will. IV, c. 24, 22 Vict., c. 26, and later Acts amending the same), and are the final arbiters if any question arises in any Department of the Public Service as to the claim of any person or class of persons to superannuation under Section 2 of the Act of 1859.

Chapter V

THE CHANCELLOR OF THE EXCHEQUER

IT has often been remarked that the strength of the Treasury is the strength of the Chancellor of the Exchequer for the time being. This is largely true, for the Chancellor of the Exchequer is the corner-stone of Treasury authority. But however strong a Chancellor of the Exchequer may be in himself, he needs to have effective support in the Cabinet : otherwise, when he proposes restrictions of expenditure in the teeth of the opposition of the Minister representing the service which is to be restricted, the only weapon he can, in the last resort, use in order to get his way is a threat of resignation which he is prepared to carry out. But the effectiveness of this at any given time depends on all sorts of circumstances, the amount of embarrassment or inconvenience which such resignation would cause to the administration, the effect which it would have on public feeling in the constituencies, and so on ; and it would be easy to miscalculate the probable total effect (did not one Chancellor of the Exchequer "forget Goschen ?"). No doubt the Chancellor of the Exchequer is strongest who has at all times the whole-hearted support of the Prime Minister, especially when the latter is himself interested in finance. Within living memory the Treasury has perhaps never been so strong as it was when Mr.

Gladstone was First Lord of the Treasury, whether for the moment holding the additional office of Chancellor of the Exchequer or not. In those days the Treasury could almost refuse applications from Departments without giving reasons; the *onus* was rightly considered as being on the Department to justify the proposal. Nowadays the idea seems to be that the *onus* is rather on the Treasury to justify the refusal; the hand of every man is against the Treasury. Well might a Permanent Secretary once aver that he "couldn't sleep o'nights for thinking of the defenceless condition of the British taxpayer!"

We have seen that the Chancellor of the Exchequer also holds the office of Under Treasurer by separate Patent.

He is also (and has been since 1870) Master, Worker and Warden of the Mint in England, and Governor of the Mint in Scotland.

He is one of the Commissioners for the Reduction of the National Debt, being in fact the first of the three operative Commissioners, the other two being the Governor and Deputy Governor of the Bank of England for the time being.

In connexion with the function of the Chancellor of the Exchequer as Master of the Mint, the ancient and interesting ceremony of the "Trial of the Pyx" should be mentioned.

Since the middle of the thirteenth century (at least) certain gold and silver coins set aside from each day's minting work have been, from time to time, submitted to a public trial, known as the "Trial of the Pyx," the word "Pyx" meaning the

box, chest or casket in which the coins are placed. Since the time of James I the Company of Goldsmiths have been called upon, as experts, to assist the Lord Chancellor or other officer presiding at the trial. In the absence of the Lord Chancellor the Chancellor of the Exchequer used to preside; thus in 1787 Mr. Pitt, then Chancellor of the Exchequer, presided and charged the jury. The old practice appears to have been that the Master of the Mint presented a memorial praying for a trial of the Pyx, upon which the Chancellor of the Exchequer moved the Sovereign in Council, who commanded the trial to be holden. The matter is now governed by the Coinage Act of 1870, which provided that a trial of the Pyx should be held at least once a year, that for that purpose a jury of not less than six freemen of the Company should be summoned and should attend, with officers of the Treasury, the Board of Trade and the Mint, and that regulations should be made by Order in Council respecting the trial, including the nomination of an officer to preside thereat. The Order of June 29th, 1871, nominated the Queen's Remembrancer as the presiding officer. The Order of January 30th, 1901, extended the trial to coins coined by any Branch Mint, and varied the proportion of gold coins to be set aside, making it one piece in every two thousand.

The Chancellor of the Exchequer is the Finance Minister of the United Kingdom, and his duties as such may be stated in general terms as follows. He is answerable to Parliament for the due collection of the public revenue, the means by which it is

raised, the loans by which it is supplemented, the taxes imposed, the remissions and exemptions allowed, the custody of the public balances, the broad outlines of the public expenditure, and the preservation of equilibrium between that expenditure and the revenue. He is also responsible for all Government measures affecting Currency and Banking, Local Loans, and financial matters generally.

The duties of the Chancellor of the Exchequer as a member of the Cabinet and as Finance Minister responsible for general finance and financial policy leave him, in general, no time to attend to the details of Treasury business; but the Department acts under his general directions given from time to time, and these directions determine the spirit in which the statutory functions of the Treasury are discharged, the principles which at any given time the Treasury are to apply in framing or criticising Estimates, and so on. The Chancellor of the Exchequer is in constant touch with the Permanent Secretary and the Controllers; and important questions are, of course, submitted to the Chancellor of the Exchequer for his decision.

The ordinary public think of the Chancellor of the Exchequer mainly as the Minister responsible for the annual Budget. The first element entering into the consideration of a Budget is the annual Estimates of the sums of money required to defray the expenditure of Government in every branch of the public service; and, although these Estimates are presented to Parliament on behalf of the Government collectively, they are framed on the special

responsibility of the Chancellor of the Exchequer, who has to satisfy himself that they have been prepared with due regard to economy, as well as to the exigencies of the public service. The consideration of the Estimates from first to last takes up a considerable part of the year. By the early autumn, as soon as the work of the Parliamentary Session is over, preliminary discussions will be proceeding as to the amount of money that should be allocated to big services, and especially the Fighting Services, for the year beginning on the following April 1st. The Secretaries of State for War and Air and the First Lord of the Admiralty will, after consultation with their professional and civil advisers, put forward their ideas on the subject. These will often involve matters of high policy, such as an increase in the Fleet, or the Air Force, or the establishment, say, of a Naval Base at Singapore, upon which only the Cabinet can finally decide. But there will be much communication between the Chancellor of the Exchequer and the Ministers responsible for the various services before the subjects have been thrashed out in all their financial bearings, and can be presented in a specific form for the decision of the Cabinet. The result of the preliminary discussions between Ministers and the Chancellor of the Exchequer, and of the further consideration by the Cabinet, will be that a total is fixed for each of the Fighting Services which their respective Estimates must not be allowed to exceed, and it will, generally speaking, be left to the several Departments to allocate the money available between the various services for which their Estimates provide, subject to

later criticism of details by the Treasury and any modifications which may be decided on as the result of those criticisms ; but these will not have sensibly altered the totals already fixed. In the case of the Civil Departments, matters affecting the ordinary Estimates will have been the subject of correspondence between the Treasury and the Departments the whole year round, but, wherever a great new service comes up which it is intended to provide for by legislation in the ensuing Session, e.g. a new departure in education, a new Social service such as National Insurance, or Widows' Pensions, this will have been discussed in a preliminary way between the Chancellor of the Exchequer and the Minister concerned, and then submitted for decision to the Cabinet in the same way as the Estimates of the Fighting Services.

In this way a great deal of the ground has been cleared before the Treasury actually issues, on October 1st, the Estimates Circular to all the Departments. This Circular, which, in more or less urgent terms, insists that in preparing the Estimates the utmost economy shall be observed, requires all the Estimates to be sent in to the Treasury not later than a fixed date, December 1st or January 1st, and it is from this time onwards that the Estimates for the year commencing April 1st begin to take definite shape, although "sketch Estimates" for the purpose of arriving at a rough total have probably been put together at the instance of the Chancellor of the Exchequer months earlier. The Estimates are finally presented to Parliament in February or early in March. Their total amount,

added to the provision required for Consolidated Fund services, gives the expenditure which has to be met out of the revenue for the year if the Budget is to balance.

While the Estimates for the ensuing year are thus being prepared, there should be available reports from the Revenue Departments (the Customs and Excise, Inland Revenue and Post Office) showing how the Revenue for the current year is coming in, and what the total yield for the year is likely to be, and these figures again will enable the Revenue Departments to estimate the probable receipts under the same heads, and on the existing basis of taxation, for the ensuing year to which the Budget relates. It is the duty of the Finance Department of the Treasury to bring together these figures as well as those of the various receipts on account of Crown Lands, Miscellaneous Revenue collected by various Departments, and not authorised by Parliament to be expended by the collecting Departments, interest and dividends on the Suez Canal shares, receipts in respect of loans, etc., etc., and lastly special receipts realised (e.g. by Disposals and Liquidation Commission, Shipping Liquidation, Reparations payments).

Having thus obtained a tentative balance sheet based on the figures so prepared in the Treasury, and bearing in mind any provision to be made for debt redemption beyond that included in the New Sinking Fund forming part of the Consolidated Fund charges, the Chancellor of the Exchequer is in a position to estimate what surplus there will be which he can give back to the taxpayer in the form

of reduction of taxation, or how much more revenue is needed to balance the account. It will then again be for the Revenue Departments to supply estimates of the financial effect of alternative increases or reductions of taxation. Political as well as equitable considerations will naturally be in the mind of the Chancellor of the Exchequer when he decides which of the various alternatives to select and, of course, before his Financial Statement is actually made, his proposals must come before the Cabinet as a whole and be approved by them.

The above remarks relate to the "National Balance Sheet," as presented to the House of Commons (or rather to a Committee of the whole House, namely the Committee of Ways and Means). But in connexion with that Balance Sheet the Chancellor of the Exchequer must also have regard, not only to the revenue and expenditure which has to be balanced on the "National Balance Sheet," but also to the capital requirements and commitments for the year, and the means to be adopted for meeting them. There may be maturities of debt which have to be met during the year (beyond what is provided for the New Sinking Fund included in the consolidated Fund charges), as well as other capital expenditure; and the effect on the amount of the Floating Debt during the year has to be considered. The amount of debt repayment, etc., falling due, will naturally be an important factor to be taken into account in dealing with a Budget surplus. A floating debt can be redeemed out of surplus in the year, or out of the proceeds of an increase in the Floating Debt, or by long-term borrowing;

or again it may be provided for by conversion operations.

Up to 1913 there appears to have been no rule as to the period from April 1st, the beginning of the financial year, within which the Financial Statement must be made or the Finance Bill passed. The Finance (1909-1910) Act did not receive the Royal Assent till April 29th, 1910; in 1911 the Financial Statement was made on May 16th, while the Finance Bill, read a second time on August 9th, was not further discussed till December 11th, 12th and 13th, and received the Royal Assent on December 16th. But from 1913 inclusive the Financial Statement has been made on a date between April 4th and May 4th (with the exception of two extra Autumn Statements made in 1914 and 1915). This limitation is the result of the Provisional Collection of Taxes Act, 1913, which provides (Section 2) that payments or deductions in respect of a temporary tax are legal only within one month after the date of expiration of the tax, while the Income Tax year runs to April 5th (the year of operation of other annual duties ends later).

At the sitting of the House (in Committee of Ways and Means) at which the Financial Statement is made, a printed Blue Paper is circulated giving figures of the Revenue and Expenditure (i.e. Receipts into and Issues out of the Exchequer) for the past financial year, but leaving blanks for the corresponding items for the current year, to be filled in by the Members themselves as the figures are disclosed by the Chancellor in his Statement. The completed paper is handed in by the Financial

Secretary to the Treasury immediately on the conclusion of the Statement, and published on the same day as a House of Commons White Paper—the “Financial Statement—1927-1928,” etc. This formal paper contains: (1) tables showing the outturn of the year just ended, the Exchequer issues being compared with the estimated expenditure for the year, and the Revenue being compared with the Budget Estimate for the year, and with the Revenue for the preceding year; (2) the “Exchequer Balance Sheet” for the past year; (3) a summary of external and internal debt maturing year by year in the future, and loans to Dominions and Allies; (4) Estimates of Revenue for the new year compared with corresponding receipts in the past year on the existing basis of taxation; (5) the estimated effect of proposed changes in taxation; and (6) the Balance Sheet for the new year.

The financial proposals of the Government which continue, whether at the same or higher rates, taxes which are imposed only for a year at a time, or which impose or increase other duties, are first put in the form of Ways and Means Resolutions; sometimes such a Resolution is taken for *reducing* a tax, if the reduction is intended to become operative before the Finance Bill becomes law.

In addition to these Resolutions, it is necessary to pass a general Resolution to the effect “that it is expedient to amend the law relating to the National Debt, Customs and Inland Revenue (including Excise), and to make further provision in connexion with finance.” This general Resolution is necessary, because it is the rule of the House that nothing may

be included in the Finance Bill which is not covered by a previous Resolution; hence, without this general Resolution, the Bill could contain nothing but provisions giving effect to the several specific Resolutions.

The formal Resolutions are handed in at the Table by the Financial Secretary immediately after the conclusion of the Chancellor's Statement; and it is customary for the Committee to pass all the Resolutions, except the General Resolution, at the sitting at which the Statement is made. If this is done, the discussion on the General Resolution is then, by consent of the House, allowed to range over the Government's proposals generally. No amendment can be moved by a private member which involves an increased charge on the taxpayer.

Down to 1912, it was only on the basis of established practice (which remained unchallenged until the action brought by Mr. Thomas Gibson Bowles against the Bank of England in that year) that changes in taxation were put into operation on the day following the Financial Statement (except where another date was specified in the Resolution) without waiting for them to be given statutory effect by the Finance Act of the year. This was a necessary administrative act in order to prevent forestalling (e.g. in the case of Customs Duties), and to safeguard other revenue (e.g. Income Tax deducted at the source). The practice was given statutory authority by the Provisional Collection of Taxes Act, 1913, already mentioned.

The Act applies only to Income Tax and Customs

and Excise, and only where the Resolution provides "for the variation of any existing tax, or for the renewal for a further period of any tax in force or imposed during the previous year, whether at the same or a different rate, and whether with or without modifications." Subject to these limitations it provides that, when the Resolution contains a declaration "that it is expedient in the public interest that the Resolution should have statutory effect under the provisions of the Act," it shall have such statutory effect during a certain limited period and subject to certain provisos. The period fixed is a period expiring four months after the date on which the Resolution is expressed to take effect, or, if no such date is expressed, after the date on which the Resolution is passed by the Committee. There are provisos that the Resolution ceases to have statutory effect if it is not agreed to by the House (on Report) within ten (sitting) days after it has been passed in Committee, and also if a Bill covering the Resolution (generally the Finance Bill) is not read a second time within twenty (sitting) days from the date on which the Resolution is adopted by the House on Report; and further the Resolution ceases to have statutory effect if Parliament is dissolved or prorogued, or if an Act comes into operation varying or renewing the tax, or if the Resolution is rejected or the provisions giving effect to it are rejected during the passage of the Bill containing them through the House, but the Resolution if modified by the House takes effect as modified. If the Resolution ceases to have statutory effect or the above-mentioned four months is

exceeded, repayment has to be made of any money paid in pursuance of the Resolution.

The Provisional Collection of Taxes Act, 1913, described in the last paragraph, applied only to existing taxes renewed or varied; it had no application to *new* taxes. The case of new taxes is, however, now covered by a provision made in the Finance Act, 1926, Section 26, for securing the payment of customs and excise duties imposed by Ways and Means Resolutions other than those to which statutory effect can be given under Section 1 of the Act of 1913.

On the Resolutions being agreed to by the House, the "Finance Bill" is ordered to be brought in by the Chairman of Ways and Means, supported by the Chancellor of the Exchequer and the Financial Secretary to the Treasury, and is thereupon read a first time and ordered to be printed.

The title "Finance Bill" has only been used since 1894; before that year the title was "Customs and Inland Revenue Bill." The "long title" varied slightly from year to year according to the content of the Bill, until in 1916 it took its present stereotyped form, "a Bill to grant certain Duties of Customs and Inland Revenue (including Excise), to alter other duties and to amend the law relating to Customs and Inland Revenue (including Excise) and the National Debt and to make further provision in connection with Finance," words carefully designed to cover not only the actual taxation proposals of the Government but also any changes in the administration of the revenue or of the National Debt and any necessary provisions regarding redemption

of debt, new borrowing, etc. The administrative changes are covered by the general Resolution in Committee of Ways and Means. The provisions of the Bill dealing with the subject matter of the other Resolutions previously agreed to by the House must be in strict accord with the terms of those Resolutions in the sense of not imposing a *higher* charge than the Resolutions; and it must not contain any provision for imposing taxation which has not been authorised by a Resolution.

The Second Reading of the Finance Bill provides an occasion for a general debate on the Government's financial proposals. As regards the further proceedings the following points may be noticed.

Further Resolutions may be required either before or during proceedings in Committee. There may be in the Bill provisions which are not taxing provisions but which impose a charge on the Consolidated Fund (e.g. for debt redemption or interest payments) or on voted moneys. In each of these cases a "Money" (or "Financial") Resolution must be taken in *Committee of the whole House* before the corresponding provisions in the Bill can be taken. The clauses for which Money Resolutions are required are printed in italics and technically do not form part of the Bill. If the necessary Resolution has not been obtained before such a clause is reached in Committee, it will be struck out and can only be re-inserted by moving it as a new clause after the Resolution has been obtained. Again, before the House at the Committee stage can consider any taxing provisions which are outside the scope of the Ways and Means Resolutions

originally taken, further *Ways and Means* Resolutions must be taken to cover those provisions.

On the Report stage the procedure conforms to that for all Bills, and no new clause or amendment can be moved (either by the Government or by private members) which would include in the liability to a tax any persons who were not subject to it when the Bill was in Committee, or which would impose a charge on the Consolidated Fund or voted moneys. The Bill may, however, be re-committed at any time if it is desired, e.g., to increase a charge.

The Third Reading provides a further opportunity for a *general* discussion on the Government's financial proposals.

In the House of Lords the Finance Bill should ordinarily be the Bill *par excellence* to which the provisions of the Parliament Act, 1911, relating to "Money Bills" apply. That Act provides that, if a Public Bill certified by the Speaker of the House of Commons to be a "Money Bill" within the meaning of the Act, having been passed by the House of Commons, and sent up to the House of Lords at least one month before the end of the Session, is not passed by the House of Lords without amendment within one month after it is so sent up to that House, it shall (unless the House of Commons otherwise direct) be presented to His Majesty and become an Act of Parliament on the Royal Assent being signified, notwithstanding that the House of Lords have not consented to the Bill. Nevertheless some of the war-time Finance Bills were not certified by the Speaker as purely Money Bills,

and consequently fell to be governed by the ordinary arrangements as to Privilege.

Questions of general interest (e.g. of public economy, Imperial Preference, and so forth) may be raised in the debate on the Second Reading of the Finance Bill in the House of Lords.

A personal duty rests upon the Chancellor of the Exchequer in connexion with temporary borrowings from the Bank of England for the public service. Consolidated Fund Acts and Appropriation Acts regularly contain a provision that the Treasury may borrow from any person by the issue of Treasury Bills or otherwise, and the Bank of England and the Bank of Ireland may advance to the Treasury any sums not exceeding in the whole the sums authorised by the particular Act to be issued out of the Consolidated Fund; the date of payment of any Treasury Bills issued under the provision must not be later than the last day of the financial year in which the sums are issuable out of the Consolidated Fund; and any money borrowed otherwise than on Treasury Bills must be repaid with interest not exceeding five per cent. at any period not later than the next succeeding quarter to that in which the money was borrowed. Now an Act of 59 Geo. III, c. 76, requires that, whenever it is deemed necessary for the public service to make any application to the Bank of England for any advance authorised by Parliament, such application must be made in writing by the First Lord of the Treasury or the Chancellor of the Exchequer for the time being to the Governor and Deputy Governor of the Bank to be laid before the Court

of Directors of the Bank; and a copy of all such applications made in each year together with a copy of the minutes of the proceedings of the Court of Directors on each such application and of the answer of the Court thereto has to be laid before both Houses of Parliament by the proper officer of the Bank. The practical effect is that the Chancellor has to write to the Governor and Deputy Governor four times a year (towards the end of March, June, September and December) to ask them to move the Court of Directors to consent to advance during the ensuing quarter such amounts as may from time to time be required for the public service at such rates of interest as may be arranged. A second paragraph in each letter proposes generally that the advances shall be made either on the credit of Ways and Means or on the security of Treasury Bills according as may be arranged at the time of each advance, and that the precise amounts and the particular security shall be first agreed informally with the Bank and then notified officially to the Bank by Warrant over the signature of two Lords of the Treasury.

Chapter VI

THE FINANCIAL SECRETARY

THE post of Financial Secretary to the Treasury is perhaps the most important, as it is undoubtedly one of the hardest worked, of the non-Cabinet offices. In the days when Ministers, before appointment to Cabinet posts, generally went through a period of training in one or more minor Ministerial offices, the Financial Secretaryship was regarded as the office *par excellence* qualifying the holder for promotion to Cabinet rank; and it has probably trained more Cabinet Ministers than any other. This is natural, seeing that the Financial Secretary is very commonly the first lieutenant to the Leader of the House, and is responsible, under him, and in conjunction with the Parliamentary or Patronage Secretary, for the arrangement and the due progress of all the public business of the House of Commons. He also serves on various Select Committees. In particular he is always a member of the Public Accounts Committee. This is a necessary arrangement in order that the views of the Treasury may be represented on the Committee itself whenever controversial points arise on which the officials of the Treasury may have given evidence, and on which the Committee may be inclined, for one reason or another, to come to a different conclusion.

But the departmental work falling to the Financial

Secretary is also heavy. He is, under the Chancellor of the Exchequer, the working political chief of the Treasury. This means that, whereas the Chancellor of the Exchequer does not personally take part in the ordinary day-to-day administrative work of the Treasury but (save in matters of general finance, the Budget, etc.) only lays down generally the lines of policy to be followed and is the ultimate authority to decide important matters, the Financial Secretary regularly sees and decides upon whole classes of Treasury business, besides calling as a matter of course for papers on all subjects, however trivial in themselves, in which he takes an interest: he is in fact part of the machine no less than the Permanent Secretary and the Controllers. The opportunities which the Financial Secretary has of influencing Treasury policy and administration throughout are unlimited. From this point of view, and having regard to the importance of many of the questions coming up for decision, it is generally in the public interest, and good for the Treasury, that the post should be held by a man of business who has controlled large business interests outside. The Financial Secretary of whom Lord Welby used always to speak with the highest respect was James Wilson, who held the post from 1853 to 1858. It was evident that Lord Welby would have placed James Wilson before all the other Financial Secretaries he had known: and indeed he was a very remarkable man.

One of a family of fifteen, he was the fourth son of William Wilson of Hawick, a thriving woollen manufacturer. At 16 James Wilson was apprenticed

to a hat manufacturer, but he consumed the midnight oil in reading and study. His father bought the hat business for him and an elder brother. The firm moved to London and prospered. After some vicissitudes (in 1836 he lost nearly all his capital by speculation in indigo) he retired from business in 1844. His name became known in financial circles by three books or pamphlets, "Influence of the Corn Laws as affecting all classes of the Community" (1839), "Fluctuations of Currency, Commerce and Manufactures" (1840), and "The Revenue, or what shall the Chancellor do?" (1841). After writing the City article for the *Morning Chronicle* (about 1843) and contributing to the *Examiner*, he founded the *Economist*, the first number of which appeared in September, 1843, investing most of his capital in it. In the early days he wrote most of the paper himself. Advocating the repeal of the Corn Laws and strenuously upholding the principles of free trade, it speedily became a power in the financial world. A chance conversation with Lord Radnor induced Wilson to stand for Parliament in 1847, when he was elected for Westbury by 170 votes against his Tory opponent's 149. He represented Westbury till 1857 and Devonport thereafter till 1859. He was offered the Financial Secretaryship on the formation of the Aberdeen Ministry in 1853. During his tenure of the post, he refused first the Vice-Presidency of the Board of Trade and then the Chairmanship of Inland Revenue. The latter post, he said, "was a good pillow, but he did not wish to lie down." (I suspect that the present and

other recent Chairmen would have some observations to make on this dictum!) After a few months' tenure of the office of Vice-President of the Board of Trade, he went to India as Financial Member of Council. In India he devised a new scheme of taxation, introduced a paper currency controlled by a Government Commission exercising functions like those of the issue department of the Bank of England, and reformed the system of public accounts; "it was he who first evoked order out of the chaos of Indian finance, and rendered it possible for the future to regulate the outlay by the income."

The Financial Secretary who made the deepest impression about the time when the present writer entered the Treasury was undoubtedly Leonard Courtney (afterwards Lord Courtney of Penwith). Born in 1832, Courtney was Second Wrangler and Smith's prizeman at Cambridge in 1855, and was elected Fellow of St. John's College in the following year. Called to the Bar at Lincoln's Inn in 1858, Professor of Political Economy at University College from 1872 to 1875, he was returned to Parliament for Liskeard in 1876. Until 1885 he was a devoted adherent of Mr. Gladstone in finance and in foreign affairs. He was appointed Financial Secretary in 1882 on the death of Lord Frederick Cavendish, but resigned because the Government's Reform Bill of 1884 contained no recognition of the principle of proportional representation to which he was deeply attached. He was elected Chairman of Committees by the House of Commons in 1886, and was raised to the peerage in 1906. Courtney's minutes on Treasury papers were neat, crisp and

precise, and were rightly pointed to as the product of an acute and highly trained mind and the very model of what such minutes should be.

Appointments out of the common have been made to the post at various times, and have justified themselves. A case in point is that of Mr. R. W. Hanbury, who was appointed Financial Secretary in 1895. Here, if ever, was a case of poacher turned gamekeeper; for Mr. Hanbury, with a few other choice spirits in the House of Commons, had been a thorn in the side of successive Financial Secretaries engaged in passing Estimates through Committee of Supply. The appointment was probably a good one from the point of view of the taxpayer and also of the Treasury itself.

As already mentioned, there is no class of Treasury paper (however insignificant in itself) which may not on occasion come before the Financial Secretary. But there are certain fairly well-defined classes of papers which he should always see. These are:

(1) All Estimates whether for the Fighting Services or for the Civil and Revenue Departments.

(2) All papers relating to topics with which he is likely to be called upon to deal in the House of Commons. These include papers about important contracts, e.g. for the conveyance of mails, for Government printing and stationery, for the manufacture of postage and revenue stamps and the like; general papers about Civil Service establishments and conditions of service; Treasury Minutes on the Reports of the Public Accounts Committee.

(3) Any paper involving the risk of a Supplementary Estimate.

The Financial Secretary is provided with a Private Secretary, who is a member of the Treasury establishment. This arrangement enables him to preserve constant touch with the higher officials, and to obtain from the permanent staff any information or help that he may require beyond what reaches him in the form of written minutes and memoranda.

It will be realised that the departmental work which comes before him, and the preparation for the House of Commons business (answers to Parliamentary questions, etc.) coming on in the afternoon, give the Financial Secretary a strenuous morning during the Session; from the hour at which the House of Commons meets, the venue is changed to the House of Commons, where the Financial Secretary's work may go on till all hours. When at the House of Commons, whether in his private room or out of it, he is liable to be approached by Members on all sorts of topics. This adds to the strain of the actual Parliamentary duties which he discharges in and about the House, and which are onerous enough.

We have already mentioned that, while the Navy, Army and Air Estimates are presented by the Board of Admiralty, the Army Council and the Air Council respectively, all Estimates for the Civil and Revenue Departments are presented by the Treasury. The latter class of Estimates are, in fact, presented by the Financial Secretary after notice of such presentation in each case has been given by him or on his behalf. The Financial Secretary is also generally responsible for arranging with the Whips for all

business connected with Supply and Ways and Means (apart from the Budget), and for keeping them informed as to the demands of the Treasury on the time of the House of Commons for such business.

Some idea of the importance of the Financial Secretary's Parliamentary duties will be gathered from the following sketch.

We begin with the period before April 1st in each year. From the date when the Address in reply to the King's Speech has been agreed to up to March 31st, a large part of the time of the House of Commons is required, in a normal session, for financial business.

The Financial Secretary's special duties during this period are shortly as follows :—

(A) As regard Supply :

(1) To see that, as soon as the Address is agreed to, and on the same day, the House resolves to go into Committee of Supply at the next sitting (nearly always) ;

(2) Unless Army, Navy or Air Supplementary Estimates have been presented to Parliament and are available for consideration on the first day of Committee of Supply, to present any Civil or Revenue Departments Supplementary Estimates (or Excess Estimates, if ready) which may be required, in time for consideration on the first day, and in any case to present them in time for circulation at least one day before they are to be discussed, in order to give Members an opportunity of examining them ;

(3) To be prepared to defend in the House any of

the Supplementary Estimates which provide money for Departments for which the Treasury is responsible, and to deal with Treasury points that may arise on any of the others ;

(4) To present the ordinary Civil and Revenue Departments Estimates for the coming year, and to see that at least the Estimates for those Departments (chosen by the Opposition) which are to have the first place in the discussion on the Vote on Account are printed and circulated in good time for the discussion ;

(5) To present the Vote on Account and to be prepared to answer on any Treasury topic that may arise during its discussion.

(B) As regards Ways and Means :

(1) To see that the House resolves to go into Committee of Ways and Means in time to allow of the passing of the Consolidated Fund Bill by the latest date that will permit of the clearing up of all financial business requiring to be done before April 1st. (The Resolution of the House of Commons to resolve itself into Committee of Ways and Means is, in practice, like the Resolution to resolve itself into Committee of Supply, moved by a Whip, on the same day that the Address is agreed to—in accordance with Standing Orders of the House of Commons—and actual proceedings in Committee of Ways and Means are then deferred from day to day till there is business for it) ;

(2) To see that the Resolutions granting Ways and Means, to the amount of the Supply voted to date, are duly drafted and handed in ;

(3) To help to introduce the Consolidated Fund

Bill as soon as the Ways and Means Resolutions are reported ;

(4) To be present, if necessary, during the progress of the Consolidated Fund Bill (especially during the Committee stage, if this proves to be more than a mere formality) ;

(5) To see that the Bill is duly passed through the House of Lords, and to arrange for the Royal Assent to be signified.

Care and some preparation beforehand is necessary in regard to the last-named proceedings. As regards the passage through the House of Lords, it is to be noticed that, unless the Standing Orders of the House of Lords are suspended, each stage of the Bill in that House must be taken on a separate day. It is almost invariably found impossible to allow time for this. Notice has therefore to be given, before the Bill reaches the Lords, that the suspension of the Standing Orders will be proposed, in order to admit of the Bill being passed through all its stages at one sitting. This necessitates previous communication with the Government Whip in the House of Lords, in order that he may know when the Bill will reach that House and give notice of suspension of the Standing Orders at latest before the close of the sitting immediately preceding. The arrangements for the Royal Assent similarly necessitate timely communication with the Clerk of the Crown.

After March 31st the strain on the Financial Secretary is relaxed ; his duties become less critically urgent and better distributed over the time.

In connexion with the Budget he has to hand in

at the Table, directly after the Chancellor of the Exchequer's Budget Speech, for printing and circulation, a copy of the White Paper containing full figures showing the expenditure of the previous year and the way in which the Budget for the current year is proposed to be balanced ; an advance copy of his Paper has already been circulated with blank spaces left for the new year's figures to be inserted. But he is also usually called upon by the Chancellor of the Exchequer to assist in the conduct of the Budget Resolutions in Committee of Ways and Means and of the Finance Bill, especially if the Budget is controversial, and to share with the Chancellor the task of representing the Treasury on the Bench throughout the discussions. The Financial Secretary must therefore be fully acquainted with the details of procedure in connexion with the Budget.

Supply proceedings after April 1st do not generally require the personal attendance of the Financial Secretary, except when the Estimate down for discussion is for one of the Departments for which he answers in the House. But his general responsibility for the conduct of financial business of course continues, and all Civil and Revenue Departments Estimates which are put down for discussion appear on the Order Paper under the Financial Secretary's name, whoever the Minister may be whose duty it will in fact be to defend them.

The Navy, Army and Air Votes taken, and the Civil and Revenue Departments Vote on Account passed, in March, usually provide sufficient Supply to keep the various Services in funds till the beginning

or middle of August, and the passing of the Appropriation Bill. In some years, however, the House of Commons has seen fit to provide Supply and Ways and Means for short periods only. In such case, one or more further Votes on Account and further Navy, Army and Air Votes may have to be passed and fresh Ways and Means provided in order to keep the service of the country going up to the passing of the Appropriation Bill. The Financial Secretary, being responsible for seeing that Treasury needs are duly met by Parliament, has to see to the passing of such Votes as may be necessary, and the corresponding Ways and Means, in order to prevent any hitch occurring.

Subject to this qualification, the Financial Secretary's special duties during the twenty or twenty-three days allotted to Supply are limited to the following :

(1) He has to present any Civil or Revenue Departments Supplementary Estimates that may be needed, and to see that these are circulated not later than the last day but one allotted to Supply. If, however, the Supplementary Estimates include provision for any new service, he has to see that they (or at least the portions of them providing for new services) are circulated and appear in the Orders of the Day, even if not in fact discussed, at least two clear days before the last day but one of Supply; this is necessary in order to comply with the Standing Order of the House of Commons which requires that any additional estimate for any new matter not included in the original Estimates for the year shall be submitted for consideration in Committee

of Supply on some day not later than two days before the Committee is closed.

(2) To submit the Resolutions sanctioning the use of surpluses on some of the Votes taken in the previous year for the Navy, Army and Air Services, to meet excesses on other Votes for those services respectively. (This is always necessary, unless an Excess Vote has been passed, in which case such a Resolution is not now considered necessary, as the Excess Estimate contains full details of the surpluses and deficits on the various Votes.) These Resolutions are moved in accordance with a Resolution of the House of Commons of March 4th, 1879, known as Mr. Monk's Resolution, which appears in the Journal of the House, but not in Hansard, and runs as follows :

“Public Accounts.—Resolved, That it is desirable that a statement of every case in which the Naval and Military Departments have obtained the sanction of the Commissioners of Her Majesty's Treasury to the application of an actual or anticipated surplus on one Vote to meet a deficiency on another Vote *within the financial year*, setting forth the representation made to them by the respective Department, be laid upon the Table of the House within three weeks after such sanction shall have been given, if Parliament be then sitting ; or, if Parliament be not then sitting, within three weeks after the next meeting of Parliament.”—(MR. MONK.)

The Resolutions authorising *ex post facto* such use of surpluses on Navy, Army and Air Votes, must be passed in Committee and reported to the

House before the Appropriation Bill is introduced ; they are put down in the name of the Financial Secretary.

The next head of duties belonging to the Financial Secretary relates to Bills. All Private Bills are examined in the Treasury, and such Bills only come before him when questions arise upon them in which he is interested as Secretary to the Treasury.

Public Bills consist of (*a*) Private Members' Bills, and (*b*) Government Bills. Many Private Members' Bills have to be regularly blocked, because they contain something to which the Treasury objects, and they cannot therefore be allowed to proceed unquestioned. Arrangements for the blocking of such Bills have to be made with the Whips on behalf of the Financial Secretary, and if by chance one of these Bills is down in the Order of the Day in a position which gives it a chance of coming under discussion, the Financial Secretary must be prepared with a statement showing the Treasury's reasons for objecting to it.

Of the second class (*b*) of Public Bills, namely Government Bills, there are a certain number, some annual, some frequently recurring, for the introduction and passing of which the Financial Secretary is responsible, namely :

- (i) The Public Works Loans Bill (annual) ;
- (ii) The Expiring Laws Continuance Bill (annual) ;
- (iii) The Isle of Man Customs Bill ;

(iv) Customs and Inland Revenue Bills.

The Public Works Loans Bill appoints the Commissioners for granting such loans, fixes a maximum amount which the Commissioners may advance in the year, and writes off any outstanding loans which have been proved to be irrecoverable. The Bill is prepared by the Treasury in consultation with the Public Works Loan Board and the Scottish Office. Where irrecoverable loans, or parts of loans, have to be written off, a financial resolution is necessary between the Second Reading and Committee, and the Financial Secretary has also to move for and circulate immediately after the Second Reading a White Paper giving details of the loans in question and the reasons for writing-off.

The Expiring Laws Continuance Bill is also prepared in the Treasury, and is introduced as early as possible in the Session. The Financial Secretary has charge of the progress of the Bill and moves the Second and Third Readings, when general questions of procedure may be discussed; the Acts cited in the Schedule can only be discussed in Committee, when questions arising on the several Acts are dealt with by the Ministers responsible for administering them respectively.

An Isle of Man Customs Bill is necessary whenever changes are made by the Budget in the Customs duties of the United Kingdom; sometimes such a Bill is necessary, apart from any such changes, in order to continue existing taxes. The Bill is generally passed about the same time as the Finance Bill or soon afterwards.

Customs and Inland Revenue Bills are introduced

whenever any small amendments of the law relative to Customs, Excise or Inland Revenue, which are not thought sufficiently important to be included in the Finance Bill, are found desirable for administrative reasons.

Apart from these recurring Bills, the Financial Secretary has, in most Sessions, to introduce one or more Bills on Treasury matters.

When a Bill is ready for introduction, the Financial Secretary, by Minute, directs circulation to the Cabinet and (subject to approval by the Cabinet) the introduction into the House of Commons ; he has also to approve the memorandum prepared in the Treasury for distribution to the Cabinet along with the draft Bill, explaining shortly the necessity for and the purport of the Bill.

Money Resolutions.—Whenever a Bill (e.g. a Public Works Loan Bill, a Customs and Inland Revenue Bill, or a Bill of a general character) contains a clause or clauses involving the imposition of a charge on the taxpayer, a Money Resolution has, at some stage (which varies according to the nature of the Bill in question), to be passed in Committee of the whole House and agreed to by the House on Report authorising the levying of such a charge. Further, before the Resolution can be taken in Committee, the King's Recommendation has to be signified. All such Resolutions on Bills are placed on the Paper in the name of the Financial Secretary, and Departments have to submit the terms of Resolutions for Bills in which they are interested for the approval of the Financial Secretary before they are placed on the

Paper. Arrangements for having the King's Recommendation signified have to be made by the Financial Secretary or on his behalf.

In the case of Bills which concern the Royal prerogatives, the hereditary revenues, or personal property or interests of the Crown or the Duchy of Cornwall, the "King's Consent" is necessary, and must be signified at some time during the progress of the Bill before the Third Reading. Arrangements have to be made on the Financial Secretary's behalf for this Consent to be signified by the reading by a Privy Councillor of a message in the words, "Mr. A. B. acquainted the House that he had it in command from His Majesty to signify to the House that His Majesty, having been informed of the purport of the . . . Bill, gives His Consent so far as His Majesty's interest is concerned, that the House may do therein as it shall think fit."

There are other Resolutions besides Money Resolutions which are in the charge of the Financial Secretary, namely those relating to contracts extending over a period of years, and creating a public charge, for the conveyance of mails by sea or for the purpose of telegraphic communications beyond the sea. Under the Standing Orders of the House of Commons, all such contracts must be laid on the Table of the House accompanied by a Treasury Minute setting forth the grounds on which the Treasury have proceeded in authorising them, and no such contract is binding until it has been approved of by a Resolution of the House. It is the duty of the Financial Secretary to move

for and present a copy of the contract and the Treasury Minute, and, after these have been circulated, to put down a Resolution approving the contract.

Other duties of the Financial Secretary include moving for Returns and Papers, dealing with Motions for Returns made by private Members on matters within the province of the Treasury, answering Parliamentary questions, and seeing Deputations, on his own account and on behalf of the Chancellor of the Exchequer, on the most varied subjects.

Chapter VII

ALLOCATION OF WORK IN THE TREASURY

THE administrative staff of the Treasury is organised in "Divisions," each of which is in charge of an Assistant Secretary, who has under him one or more "Principals," and one or more "Assistant Principals." The number of Divisions and the distribution of the work between them varies from time to time according to circumstances. It may happen, for instance, that a piece of legislation is passed which would throw so much work on the appropriate Division that it is necessary to relieve it of some portion of its other work. This may mean a simple transfer of work to another of the existing Divisions; or again there may be cumulative additions of work sufficient to necessitate the creation of a new Division with the usual complement of officers.

At the time when I entered the Treasury, the number of Divisions was five, and the allocation of work was a comparatively simple matter. Except in the First or Finance Division which had a larger staff, the normal complement of each Division was three, one Principal Clerk, one First Class Clerk, and one Second Class Clerk (only the Fourth Division had a second Second Class Clerk, who was specially charged with Superannuations). The three officers would now be called Assistant Secretary, Principal

and Assistant Principal respectively. The First or Finance Division had one Principal Clerk, two First Class Clerks (one specially charged with Estimates), and two Second Class Clerks.

The First or Finance Division represents the oldest distinct branch in the Treasury. It was formerly the "Revenue Branch," with an organisation and scale of pay of its own, which, from very early days, was paid for almost entirely out of the gross Customs Revenue; and the large room now occupied by the Accountant's staff bore the name of "Revenue Room" until 1871. The branch was called the Revenue Branch because it kept books "containing a state of the income and issues of the Customs and other duties and revenues payable at the receipt of the Exchequer," receiving for this purpose weekly certificates from the Exchequer checked by other certificates from the Revenue Departments, by means of which it compiled a weekly Cash Paper, besides many other accounts. The Revenue Branch was united with the rest of the office by Minute of October 17th, 1834.

The allocation of the work in the '80's of the last century, when there were five Divisions, may be thus summarily indicated.

First or Finance Division

Finance generally; Banking and currency; ordinary applications for issues from grants by Parliament, from the Consolidated Fund or from the Treasury Chest Fund; Treasury audit; Treasury Chests abroad; Estimates for Civil Services, Revenue

Departments and Votes of Credit ; Local Loans ; Guaranteed Loans ; Sinking Fund Accounts ; and correspondence with the following Departments : Mint, Exchequer and Audit, Paymaster-General (including the Irish Branch and, for financial business, the Queen's and Lord Treasurer's Remembrancer, Scotland), Bank of England, National Debt Commissioners, Public Works Loan Commissioners, Metropolitan Board of Works.

Second Division

Correspondence with the following Departments : Foreign Office, Colonial Office, War Office, Admiralty, Chelsea Hospital, Woods and Forests, and Duchies of Cornwall and Lancaster ; correspondence with Municipal Corporations (dealings with corporate land, etc., under the Municipal Corporations Act, 1882), and applications relating to the Slave Trade (bounties on captures).

Third Division

Correspondence with the Home Office, India Office, Privy Council Office, Board of Trade, Offices of Works and Public Buildings in England and Ireland, Chief Secretary for Ireland, and Scottish and Irish Departments generally (on non-legal business), the Channel Islands and the Isle of Man, the Stationery Office and Public Record Office ; Education, Science and Art, including the British Museum, the other Museums, and National Galleries in the United Kingdom ; Local Government in

England, Scotland and Ireland (including correspondence with the Local Government Boards in England, Scotland and Ireland, correspondence with Burial Boards, and that relating to Free Libraries and Baths and Washhouses) ; Miscellaneous.

Fourth Division

Correspondence with the Revenue Departments, the Customs, Inland Revenue and Post Office, and with the Board of Trade so far as connected with Revenue Departments ; Telegraphs, Mail Contracts ; Superannuations, Civil List Pensions, Charitable grants, etc. ; Intestate estates.

Fifth Division

Legal Establishments and Courts of Law ; Sheriffs' Accounts ; Felons' effects ; Fines and Forfeitures (remission) ; Criminal prosecutions and Maintenance of Prisoners ; supervision of County Court Department.

Outside of the regular " Divisions " was the work of the " Parliamentary Clerk," who was a " First Class Clerk " and, with the assistance of a " Supplementary Clerk " only, examined all Public and Private Bills introduced or proposed to be introduced into Parliament, with a view to bringing to the notice of the Financial Secretary any proposed provision which affected the Treasury or was contrary to Treasury regulations, and conducted correspondence thereon. The Parliamentary Clerk also distributed orders for Returns, saw to their

presentation when prepared, and to the actual preparation of many Returns.

I have described the allocation of work in the Treasury about forty years ago in order, first, to bring out the contrast between the conditions then and now and, secondly, to illustrate the principles followed, so far as may be, then and now, in the division of the work of the Department.

To take the second point first. In the distribution of a given amount of work, while the amount allotted to different Divisions of the same strength should be as nearly as possible equal, it will certainly conduce to efficiency if the staff of one Division deals with a group of Departments administering similar or closely allied services; the Division will thus acquire a more extensive knowledge of the working of the Departments and be able to compare and correlate their methods of dealing with similar and allied problems; they will, in fact, become experts in special groups of subjects, and will in consequence be able to deal more expeditiously and efficiently with applications belonging to those groups respectively. From this point of view, the assignment of work to three of the five Divisions of forty years ago represented almost a model arrangement. The Second Division dealt with the Foreign and Colonial Offices, which with the Slave Trade cases represented services overseas; the War Office and Admiralty represented military services, in which also there was an overseas element. Similarly, the arrangement of assigning the Revenue Departments, including the Post Office, telegraphs and mail contracts, to one Division (the Fourth)

was a natural one, while the other main head of work assigned to it (Superannuations and other non-effective charges) represented a well-defined corpus of work. Again, the assignment of correspondence with the Legal Departments and on other legal matters to the Fifth Division was dictated by common sense. The other smaller heads of work dealt with by these three Divisions respectively, were by way of make-weights. An apparent exception to the successful carrying-out of the principles governing the distribution of work was the Third Division. A reference to the duties assigned to that Division will show that they were very miscellaneous; but clearly some one or more Divisions had to be "miscellaneous" if all the varied work of the Department was to be provided for, and this *rôle* fell to the Third Division.

To illustrate the first point mentioned above, the contrast between conditions forty years ago and now, it is almost enough to refer again to the description of the work assigned to this Third Division (with its staff of three).

It may well be asked how this staff could possibly deal not only with "Education, Science and Art," but with the Local Government Departments in the three Kingdoms (now represented by the Ministry of Health in England, and the corresponding Departments in the other countries), to say nothing of the rest of the long list. But it has to be remembered that there was then no "Board of Education"; the education authority in England was the "Lords of the Committee of Council on Education," and in Scotland a similar Committee;

the expenditure in 1887-1888 under the Votes for Public Education for the three Kingdoms amounted to £4,878,049, to which should be added £430,194 for the Science and Art Department, making a total of about £5,300,000, as compared with Education Votes in 1926-1927 of £44,300,000 for England and £6,430,000 for Scotland, or £50,730,000 in all. Similarly, the Votes for the Local Government Board in England and its analogues in Scotland and Ireland amounted together in 1887-1888 to £331,567. Since then we have had the various Insurance Acts (Health and Unemployment), and the Votes for the Ministry of Health in England and the Scottish Board of Health together now (1926-1927) alone amount to £21,000,000 approximately.

It is unnecessary to accumulate further details to show how inadequate the Treasury of forty years ago would have been to cope with the work falling upon it to-day. It is not surprising that, with a Budget of over 800 millions, the number of "Divisions" has had to be increased to eleven or so, with the addition of an average of two administrative officers (Principals and Assistant Principals) in each to the former number.

At the same time the junior members of the administrative staff have been relieved as far as possible of routine work, which they did in old days. For instance, in my early days at the Treasury, the "Second Class Clerk" in a Division used to keep a register of the papers assigned to the Division, showing where they were at any moment or the stage they had reached during the time when they

were under consideration by the Division or the Secretaries, etc., i.e. from the time when they reached the Division from the Registry to the time when they were sent to the Paper Room after directions had been given on them and executed by the dispatch of letters minuted thereon or otherwise. This modicum of routine was not without its use in training the young man who had just entered by the competition fresh from the University (in most cases) in official procedure, though no doubt it is more properly assigned to a lower grade of clerk. I am here reminded of a story of a new recruit in one of the great offices of State, who complained to the head of his Branch that the work given him at the outset was beneath him. The reply by his chief precluded any repartee: he said, "Oh, that is nothing; why, when I entered the Office, I was mostly employed in putting papers away—and I am bound to say that I put some of them away so well that they have never been found since."

As the result of the colossal increase in the annual expenditure caused by the war and the services arising out of it, as well as by the "social" legislation passed in the years immediately preceding, it became necessary to reconsider the organisation of the Treasury as a whole. The main difficulty was at the top, the "neck of the bottle," for it was the magnitude no less than the multitude of the new problems arising which called for new measures. Already during the war there were two, and for a time three, Joint Permanent Secretaries instead of one Permanent Secretary. This arrangement had worked well, and no doubt the experience then

gained suggested, and was a sufficient justification for, the decision to appoint three Controllers, each of whom has a specific responsibility for a well-defined Department of the Treasury, ranks, under the directions of the Permanent Secretary, as a Secretary to the Board, and has the status in the Civil Service of a Head of a Department. The three Departments respectively deal with :

(A) *Finance*, including revenue, loans, the administration of the public debt, the preparation of Estimates and Money Bills, the Consolidated Fund, financial relations with the Dominions and Foreign Countries ; questions of banking, currency and the foreign exchanges, financial procedure, audit and the form of public accounts.

(B) *Establishments*, including questions of personnel and remuneration, the organisation of all civilian posts and establishments, whether in Civil or Military departments, and Superannuation.

(C) *Supply Services*, including all questions relating to public expenditure chargeable against moneys provided by Parliament, not included under (A) and (B).

Each Controller has under him a Deputy Controller, intermediate between him and the Assistant Secretaries at the head of the " Divisions."

The Permanent Secretary has a general responsibility for the Treasury and its organisation in specific Departments under the Controllers. There are also functions which can only belong to the " Permanent Secretary of the Treasury " as such, and the

responsibility for which cannot be shared, though there will always be consultation with the Controllers on any matter with which they are conversant. Moreover, there must be one co-ordinating authority over the Controllers, and one officer ultimately responsible for the whole organisation and the general supervision of the work of the Treasury; and this must be the Permanent Secretary.

Finance Department

Some idea of the expansion of the work of the Treasury will be gained by considering the case of the Finance Department, which corresponds to the old Finance Division or "ID," as it was called, for short.

First of all, it was necessary to create a new "Division," which now consists of the usual complement of one Assistant Secretary, two Principals and one Assistant Principal, to deal with subjects connected with the war and the international situation arising out of it. These include financial relations with foreign countries generally. In particular, there is the debt to the United States of America, now funded; there are loans to Allies (including those for expenditure on relief); there is the work carried on under the auspices of the League of Nations, e.g. measures for the rehabilitation of the finances of certain foreign countries (Austria, Hungary, etc.). Incidentally this work requires intimate acquaintance with the public finance of most foreign countries, including their banking and currency. Then there is the subject

of Reparations and financial questions generally arising under the Peace Treaties. The business of the Division is to provide expert knowledge and assistance in relation to all these matters, the difficulties of which need not be further emphasised. This Division also deals with the loans to one of the Dominions, namely Canada, and Canada's loans to the Imperial Treasury. Compensation for damage by enemy action has been another of its subjects.

To appreciate the addition in recent years to the work of the Finance or "First" Division proper, we have first to think of the entirely new subjects which have come up. Among these are such things as National Savings Certificates and the National Savings Committee, Agricultural Credits, Export Credits, Guarantees of Advances under the Trade Facilities Acts, the interest of Government in the Anglo-Persian Oil Company, financial relations with Northern Ireland and the Irish Free State respectively. Of less recent origin are the questions of the Road Fund and Motor Taxation, Old Age Pensions, the Government Hospitality Fund.

The main subjects falling to the "First Division" (including the correspondence with the departments or institutions interested) may be classified as follows :

(1) Banking, Home and Colonial (including, under the term "Colonial," the mandated Territories). At home this includes the relations of Government with the Bank of England, the Bank of Ireland, and the Banks which from time to time are bankers for Government in Scotland. Chartered Banks

formerly gave the Treasury more work than they do now, so much so that there were prepared for the guidance of the officers dealing with them elaborate printed memoranda, which were revised from time to time. I myself remember three editions, the first of which was simply a "Memorandum," and the other two were known as the "Further Memorandum" and the "Furthest Memorandum." The Treasury has in recent years discouraged the grant of further charters, and advocated the registration of banks under the Companies Acts. The charters gave the Treasury certain powers of interference and control, which it was difficult for them to exercise effectively, and it was obviously desirable to substitute the general law and its remedies for charters with their special privileges and uncertain safeguards. Hence in recent years the duties of the Treasury in regard to Chartered Banks have been almost confined to cases where charters have had to be amended or renewed for limited periods. Certain Banks at home have charters practically without limit of time, namely the Bank of England, whose original charter dates from August 1st, 1694, the Bank of Ireland (1783), and four Banks in Scotland: the Royal Bank of Scotland (1727), the British Linen Company (1746), the Commercial Bank of Scotland (1831), and the National Bank of Scotland (1831). Savings Banks again are the concern of the Treasury, who have to make or approve regulations for the conduct of their business; in the case of the Post Office Savings Bank the relations of the Treasury are with the Post Office, in the case of Trustee Savings Banks certified under the Savings

Banks Act, 1862, with the National Debt Commissioners.

(2) Currency and the Royal Mint (including the Branch Mints). There are Branch Mints in Canada, Australia and South Africa, and the Treasury makes appointments to and regulates establishments and expenditure at these Branch Mints as at the Mint in London. In some colonies and dependencies the control of the currency is vested in a Currency Board; there are such Boards for West Africa, East Africa and Palestine respectively, and on each of these Boards there is an honorary member who represents the Treasury. In other cases the currency of dependencies is under the control, in the first instance, of the Colonial Office, who naturally consult the Treasury on any new departure or on any question in which the Treasury would be concerned.

The control of the Treasury over the export of gold and silver, which lasted for some time after the war, is now no longer in force, but Treasury licence is still required for melting down gold or silver coins current in the United Kingdom, British Possessions, or foreign countries.

(3) The Budget, Taxation (including Local Taxation, Motor Taxation and the Road Fund), and ordinary applications for issues from Grants of Parliament, the Consolidated Fund, the Civil Contingencies Fund, etc.

The function of the Division in connexion with the Budget and Taxation is that of working out

the detailed figures ; when the stage is reached of advising the Chancellor of the Exchequer on policy and the actual framing of the Budget, the Controller of Finance and the Chairmen of the Revenue Boards are in constant communication with the Chancellor of the Exchequer for this purpose.

(4) Loans and Credits.

(1) Under this heading there are in the first place the various forms of Government Debt, which may be classified as follows :

(a) The Funded Debt consisting of the pre-war Stocks, the $3\frac{1}{2}$ per cent. Conversion loan, the debts to the Banks of England and Ireland, and the capital liability in respect of Terminable Annuities.

(b) The Unfunded Debt comprising various War Loans, Funding Loan, Victory Bonds, $4\frac{1}{2}$ per cent. Conversion Loan, Exchequer Bonds, National War Bonds, Treasury Bonds, National Savings Certificates, Treasury Bills, Ways and Means Advances, External Debt (the debt to the United States of America, etc.).

(2) Next come the Loans guaranteed by the British Government, but primarily secured on special Funds. Under this heading come Local Loans Stock, Irish Guaranteed

Land Stock, Guaranteed $2\frac{3}{4}$ and 3 per cent. Stock, certain Loans raised by the Irish Free State and the Government of Northern Ireland, and various Foreign and Colonial Loans.

- (3) Post Office capital expenditure for Telegraphs, etc.
- (4) Agricultural Credits, Export Credits, and Trade Facilities Acts advances.

The work in connexion with the above includes, of course, correspondence with the Public Works Loan Commissioners and any other Departments which actually advance loan moneys, and with the National Debt Commissioners.

When it is a question of direct Government borrowing, the issue of a new loan, the conversion of existing loans, or resort to new forms of credit, it is the special duty of the Controller of Finance to advise the Chancellor of the Exchequer.

(5) Housing Finance.

A very large proportion of the loans made by the Public Works Loan Commissioners are for housing, and so far as these are within the ordinary rules of the Commissioners they are made by them in the ordinary course; the Treasury has only to fix, from time to time, by Treasury Minute the general conditions, rates of interest in relation to periods of repayment, etc. But special Treasury sanction is required for any cases involving a departure from a general rule, e.g. the rule that the Public Works

Loan Commissioners may not lend to an authority whose district has a rateable value of £200,000 or over (£250,000 in Scotland). Thus the Treasury has specially admitted County Councils as borrowers under the Small Dwellings Acquisition Act.

Apart from cases within the purview of the Public Works Loan Board, the Treasury has other functions in relation to Housing Finance. Among these are the fixing of rates of interest on Local Bonds for Housing under the Housing (Additional Powers) Act, 1919, the fixing of the rates of interest that may be charged by local authorities on loans made by them under the Small Dwellings Acquisition Act, and the fixing of the rates of interest which may for the time being be paid by a "public utility society" or "authorised association" on loan or share capital. The Treasury also approves regulations made by the Minister of Health with regard to subsidies and other financial matters connected with housing.

(6) London County Council.

Treasury control over the finances of the Metropolis (apart from the then existing control over Municipal borrowings generally) began with the Metropolitan Board of Works (Loans) Act, 1869, and has continued in much the same form ever since, notwithstanding the transfer to the Local Government Board (now the Ministry of Health), under the Local Government Acts, of control over the property and finances of local authorities generally. The Metropolitan Board of Works had

been created under the Metropolitan Local Management Act, 1855, and its powers as to expenses and borrowing were extended by other Acts, some public and some private, between 1855 and 1869. By the Act of 1869 the Treasury were given powers of control as regards the conditions of the issue and redemption of Metropolitan Consolidated Stock and of Metropolitan Annuities in lieu of Stock, the payment into the Consolidated Loans Fund of annual sums sufficient to redeem all the stock within sixty years from the date of its creation, expenditure out of the Consolidated Loans Fund and the investment of money belonging to the Fund in Government securities, and the approval of estimates and accounts. In 1875 commenced the series of annual Money Bills for the Metropolitan Board of Works. These were prepared by the Board, forwarded to the Treasury for approval, and introduced by the Treasury as Public Bills.

In 1888-1889 the London County Council superseded the Metropolitan Board of Works, Treasury control remaining practically unaltered. In the early '90's proposals were made to transfer financial control to the Local Government Board. The London County Council objected, and the proposals were dropped; but amendments of Standing Orders were made to provide for the annual Money Bill being introduced as a Private Bill, instead of a Public Bill in charge of the Treasury. This change began with the Bill of 1892. By an Act of 1912 (2/3 Geo. V, c. 105), the enactments relating to London County Council finance were consolidated. The duties of the Treasury comprise

the approval of the periods of repayment of money borrowed, the periods of repayment of loans made by the Council to Metropolitan Boroughs, etc. (except for Small Dwellings), the expenses of the creation and issue of Stock, arrangements for the redemption of Stock, regulations for the management of the Consolidated Loans Fund, the use of money standing to the credit of the Fund for new capital expenditure subject to conditions as to replacement, and the investment of moneys belonging to the Fund.

(7) Perpetual Pensions and business coming from the Pensions Commutation Board appointed under the Pensions Commutation Acts.

(8) Old Age Pensions, to which are now added Widows', Orphans', etc., Pensions.

(9) Royal Commissions, Miscellaneous Inquiries (including attendance at the Committee of Public Accounts), Wreck Inquiries, University Grants Committee, Government Hospitality Fund, Tower of London, Honours and Dignities, War Histories.

Treasury Audit, mainly of expenditure from Votes accounted for by the Treasury.

(10) Treasury Chest Fund and Treasury Chests abroad. The Treasury Chests are provided and maintained for the purpose of supplying funds for payments at places abroad where there are establishments belonging to the Navy, Army or Air Force.

(11) Parliamentary Counsel and Statute Law Committee ; examination of Private Bills on behalf of Treasury.

(12) Correspondence with the following Departments : the Royal Household, Exchequer and Audit Department, Customs and Excise, Inland Revenue, Royal Mint, National Debt Commissioners, National Savings Committee, Paymaster-General's Office, Privy Seal Office, Public Works Loan Commissioners.

(13) Business connected with the commercial undertakings in which the Government has money invested, the Suez Canal and the Anglo-Persian Oil Company.

I have devoted considerable space to the description of the work allotted to the Finance Department because it is there that the purely financial work, which on general principles would appear to be the most proper function of a Department called the Treasury, and in which the Treasury has the largest measure of initiative, is mainly concentrated.

The duties falling to the Supply and Establishments Departments are (with the exception of the award of Civil Pensions and other non-effective payments, which rest with the Treasury alone) mainly in the nature of criticism and control rather than of detailed administration. For this reason I can deal more summarily with the allocation of the work among the remaining Divisions.

Supply Services Department

Under this Department there are four Divisions, the 3rd, 5th, 6th and 7th (the 4th having disappeared through absorption).

Third Division.

The main heads of work are :—

(1) Arts and Science, and analogous services. These include Art Galleries and Museums, the Scientific and Industrial Research Department, other services included in the Vote for Scientific Investigation, etc., Kew Gardens, the Government Chemist, the National Library of Scotland, the Public Record Office in England, and the Record Department of the Register House in Scotland. Perhaps Treasure Trove, as being generally of antiquarian interest, may most suitably be placed under this head. When a find is adjudged to be Treasure Trove, it often happens that some or all of the objects found are acquired (by purchase) for the National Collections. Then there are the claims to be considered of the actual finders and of the owners of the properties on which the Trove is found ; sometimes some or all of the objects are given back ; or the owner of the property may be allowed to buy back any objects of special interest to him, and the finders may be rewarded by a sum of money out of the proceeds of the disposal of the Trove.

(2) Agriculture and Fisheries and allied subjects.

The Departments charged with these subjects are the Ministry of Agriculture and Fisheries in England and the Board of Agriculture and the Board of Fisheries in Scotland. The Third Division deals with the work coming from these Departments and from the Office of Crown Lands, the Forestry Commission and the Development Commission; also with Land Settlement.

(3) Board of Trade, Mines Department, Surplus Stores Liquidation Department.

(4) Correspondence with the Privy Seal Office, the Charity Commission and the Government Actuary.

(5) The following services comprised in Class I of the Civil Estimates: Houses of Parliament Buildings, Art and Science Buildings, Surveys of Great Britain, Peterhead Harbour, and Rates on Government Property.

Fifth Division.

The province of this Division is business connected with the Fighting Services, that is, questions relating to Supply and Fighting personnel, retired pay and pensions, submitted by the Admiralty, War Office and Air Ministry; the Division also deals with Prizes of War, and the work of the Imperial War Graves Commission and the Royal Commission on Awards to Inventors.

Sixth Division.

The work of this Division is very miscellaneous but may be classified as follows:—

(1) Foreign Office and Foreign Services (including Special Missions abroad and Commissions under Peace Treaties), Colonial Services (except currency and banking), Mandated Territories (Finance and Administration), Department of Overseas Trade, Overseas Settlement, Cables (including the Pacific Cable), Wireless (Imperial Communications Committee), Exhibitions, Imperial Institute and Mineral Resources Bureau, Anglo-Persian and other Oil Companies, British Phosphate Commission, Guano Islands leases.

(2) Correspondence with the Duchies of Lancaster and Cornwall.

(3) Correspondence with the Privy Council Office, India Office, Home Office, Scottish Office, Channel Islands and the Isle of Man.

(4) Law and Legal Departments (including the Crown Office, Lord Chancellor's Department, Supreme Court of Judicature, Law Officers, Procurator-General and Solicitor to the Treasury, Director of Public Prosecutions, Land Registry, Legal Departments in Scotland and the Scottish Land Court, County Courts); Police (England, Wales and Scotland), Prisons, Reformatory and Industrial Schools, Maintenance of Lunatics (England and Wales) and Broadmoor Asylum; Public Trustee, Intestate Estates, Accounts of Sheriffs, Remission of Fines and Recognizances.

(5) Post Office expenditure generally, and Works

expenditure (general questions and specific services, including Royal Palaces, Royal Parks and Pleasure Gardens, Public Buildings except Science and Art buildings and buildings administered by the Ministries of Health, Labour and Pensions).

(6) Expenses under the Representation of the People Acts.

(7) "State Management Districts Council" (including purchase and maintenance of Licensed Premises).

Seventh Division.

This Division deals with a list of subjects most of which come under the general heads of Education and Social Services.

(1) Education, including the grants to Universities and Colleges in Great Britain and to the University and University Colleges, and for Intermediate Education, in Wales.

(2) Health: Ministry of Health and Scottish and Welsh Boards of Health, National Insurance Audit, National Health Insurance Joint Committee, Medical Research Council.

(3) Transport and Roads.

(4) Labour: Ministry of Labour, Unemployment, International Labour Office.

(5) Ministry of Pensions.

(6) Correspondence with the Registrars-General, England and Scotland, Friendly Societies Registry, Boards of Control (Lunacy), England and Scotland, Stationery Office, and Office of Works (so far as buildings administered by the Ministries of Health, Pensions and Labour are concerned).

Establishments Department

This Department contains five separate Divisions (the 8th to the 12th).

Eighth Division.

This Division deals with Civil Pensions and other civil non-effective Services generally, and with a few allied matters. The main heads of the work are as follows :—

(1) Superannuation and other non-effective civil charges ; commutation of Royal Irish Constabulary Pensions.

(2) Transfer, seconding and loan of Civil Servants to services not borne on Imperial Funds.

(3) Sick leave and medical expenses following injuries on duty to Civil Servants.

(4) Compensation for Injury (Government Employees) under the Workmen's Compensation Acts and the Superannuation Act, 1887, and under the

Compensation for Injuries (Ireland) Acts; compensation for personal injury through Air Raids and Bombardments and for injury under Injuries in War Acts; claims for damage to property of Civil employees where personal injury is also involved; grants from the Compassionate Fund in exceptional cases of injury to workmen and others.

The other Divisions of the Establishments Department deal with effective services and share the work in the manner shown below:—

Ninth Division.

General Service and Establishment questions.

As regards the general Civil Service classes this Division deals with grading, remuneration, hours, overtime rates, modes of entry and promotion.

Other general questions constantly coming up in the Civil Service and falling to this Division for consideration are: Acting allowances (general principles), Leave and Sick leave, Subsistence and Traveling Allowances, Cost of Living Bonus, Whitley Councils (other than industrial), Temporary Staff, Civil Pay of Civil Servants serving with H.M. Forces, the position of Civil Servants under the Widows' and Orphans' Pensions Act, Luncheon Clubs in Government Departments.

Tenth Division.

(1) Establishment questions in the Admiralty, War Office and Air Ministry, including the Shore Establishments of the Navy, the Ordnance Factories and the Royal Aircraft Establishments.

(2) Labour questions generally, including questions of "Fair Wages," industrial rates of remuneration and conditions of employment, Whitley Councils for Government Industrial establishments.

(3) (a) Routine, i.e. questions of office machinery, the keeping of registers, records and statistics, the employment of labour-saving appliances in the Public Service.

(b) Special investigations, as required, into methods of work, output, etc.

Eleventh and Twelfth Divisions.

These Divisions share between them the work of dealing with Establishment questions in all the various Departments other than the Fighting Services and the industrial establishments connected therewith. It would clearly serve no purpose to specify here in detail the particular Departments and Services (coming under more than a hundred different heads) with which the two Divisions deal respectively.

It must not be inferred from the above account of the distribution of work that the Treasury is organised in watertight compartments, or that a particular member of the staff is likely to be acquainted with the business of one Division or Department only. The contrary is the case. First, it will readily be understood that there are a great many topics which interest more than one Division, from different points of view. Although an official paper on the subject must generally be assigned to

one Division, it is one of the essential rules of the office that any other Divisions interested must have their say upon it before the final decision is taken. If a Division, by inadvertence or otherwise, omits to consult any other Division which is interested, the omission is certain at some later stage to come to the notice of that Division, and then the fat is in the fire. The sin of the culprit is sure to come home to him; hence everybody is careful not to offend in this respect. If the same mistake of not consulting another Division which is interested should occur more than once, the offending Division is likely to receive a written office direction from the higher powers that such and such a Division or official must see every paper on such and such a subject.

Secondly, in order that all members of the administrative staff may have a good working acquaintance with the business of the office as a whole, instead of becoming so specialised as to be of use in one Division or Department only, there is a definite practice under which, in all ranks, men are moved about from one Division to another at intervals of a few years.

Chapter VIII

THE TREASURY AND THE DEPARTMENTS

THE Treasury is in close and continuous relationship with all Departments of State. These divide themselves into various types: some Departments are under the direct authority of the same Ministers as the departmental Treasury, others have distinct Ministers at their head, or are responsible to Ministers, other than Treasury Ministers, while others again are administered by Boards or persons who are by statute given a position theoretically independent of Ministers or the Government of the day. There is an intermediate class, consisting of Departments which, having no Ministers of their own in the House of Commons, have to rely upon the Financial Secretary to the Treasury to defend their votes in Committee of Supply and to answer questions in the House of Commons touching their business. In this class are such Departments as the Privy Council Office, the Charity Commission, the Civil Service Commission, the Exchequer and Audit Department, the Friendly Societies Registry, the Record Office, the British Museum, the National Gallery and National Portrait Gallery, the Wallace Collection. A certain responsibility is thus thrown on the Financial Secretary in respect of the business of these Departments, and the Treasury thus comes to be in a special relationship to them.

There are two other Departments which, being financial Departments, the ordinary person would suppose to be subordinate to the Treasury, but which in fact are not so : the National Debt Office, and the Public Works Loan Board. The idea in the establishment of the latter Board was no doubt that Public Works Loans should be granted by a body independent of the Government of the day and of political influences generally ; but the Commissioners act largely under general rules made by the Treasury and submit an annual report to that Department under statute. The Commissioners for the Reduction of the National Debt were originally appointed as an independent body to secure that sinking funds should be applied for the purpose for which they were created and should not be raided for other purposes. The Commissioners are actually the Speaker of the House of Commons, the Chancellor of the Exchequer, the Master of the Rolls, the Lord Chief Justice, the Paymaster-General, and the Governor and Deputy Governor of the Bank of England. The operative Commissioners are in practice the Chancellor of the Exchequer and the Governor and Deputy Governor of the Bank ; the Chancellor of the Exchequer is thus the principal Commissioner.

Of the first type of Department some, like the Revenue Departments, are bound by Act of Parliament to obey any directions given to them from time to time by the Lords Commissioners of the Treasury, who are of course also Ministers for the departmental Treasury ; others have come into the same position by tradition and custom.

When I entered the Treasury, one of the first things a junior clerk had to learn was the distinction between a *report* and a *letter* to the Treasury. The Revenue Departments, for instance, did not write *letters* to the Treasury; they wrote *reports* to the Board of Treasury. Hence, whether the communication was in form a report (e.g. a report headed "To the Lords Commissioners of Her Majesty's Treasury" and signed by two members of the Board of Customs) or a letter or memorandum (say, from the Controller of the Stationery Office), it was *de rigueur* to refer to it in the Treasury reply as "your Report" of such and such a date. The "Reports" were also generally couched in language of deep deference. Even the Post Office used to write "reports" to the Treasury beginning with the words "My Lords, I have the honour to report . . ." or "I have the honour to represent . . ." or the like, and signed by the Postmaster-General personally. I have before me as I write several such reports signed in a round hand by Henry Fawcett, who (it will be remembered) was blind. The same practice continued with other Postmasters-General, e.g. Lord John Manners and Mr. Shaw-Lefevre; but, when it became of not infrequent occurrence that a Postmaster-General was a member of the Cabinet, the Post Office evinced a tendency to alter this routine, and communications from the Post Office to the Treasury began to take the form of letters written in the name of the Postmaster-General and signed by the Secretary, or even an Assistant Secretary, to the Post Office. The case of the Office of Works

is similar to that of the Post Office. Reports from the Office of Works were regularly signed by the First Commissioner himself, were headed "My Lords," and generally "begged leave to acquaint Their Lordships" of something or other; in this case too communications now generally take the form of letters signed by the Secretary. The rigour of the old-fashioned forms has no doubt by this time been relaxed in other cases also. But they had their picturesque side, and anyone with any historic sense must feel a touch of regret at their disappearance.

These formal Reports were always most carefully compiled so as not only to tell the whole story of the particular application but to suggest a decision so reasonable and proper in itself, and expressed in such precise terms, that no Board of Treasury could well have differed from the conclusion or improved the terms in which it was suggested that the decision should be conveyed. A usual form was to state, after full discussion of the matter in all its aspects, the definite opinion at which the Department had arrived; the final paragraph or sentence would then take this form: "If Your Lordships are pleased to agree with me in that opinion, it will be proper to direct," etc., etc., the proposed directions being in such precise terms that the draft of the Treasury reply could copy them exactly word for word. Among the most formal and fully documented reports sent to the Treasury were those of the Queen's and Lord Treasurer's Remembrancer in Scotland on applications for grants in cases of estates fallen to the

Crown as *Ultimus Hæres*, which would commonly end thus, "If Your Lordships are pleased to agree with me in that opinion, I take leave to suggest that I be authorised to prepare a Warrant for a Gift of the estate of X.X. deceased in favour of the petitioners Y.Y., etc." No doubt those were spacious days in which matters could be well thought out and decisions taken without hurry; but the form in which the work was turned out was admirable. A model series of such reports were the Reports on Slave Trade cases (claims to bounty on capture of slave-dhows, etc.); these used to be submitted to the Treasury by the late Mr. H. C. Rothery, who in 1860 succeeded his father, William Rothery, as Adviser to the Treasury on Slave Trade matters, and who afterwards (from 1876) held the post of Wreck Commissioner in addition. The reports began with the words "May it please Your Lordships, In obedience to Your Lordships' commands, I have perused and considered the letter, herewith returned, from . . ." and the form of ending was more than ordinarily quaint, "All which is most humbly submitted to Your Lordships' wisdom."

When we pass to the relations of the Treasury with Public Departments under Ministers of their own, a distinction has to be drawn at the outset between the Fighting Departments (the Admiralty, War Office and Air Ministry) on the one hand, and the Civil Departments on the other.

There is, first of all, the difference that the War Department, the Admiralty and the Air Ministry present their own annual Estimates to Parliament,

whereas all the Civil and Revenue Departments Estimates are presented, and can only be presented, by the Treasury. This might at first sight appear to give the Treasury much more power of control in the case of the Civil Departments. This may be true so far as the authority of the Treasury as a Department is concerned, but when the power of the head of the Treasury, the Chancellor of the Exchequer, as a Minister is put in the scale in addition, the effect of the difference in practice is seen to be of no importance. The Treasury exercises, it is true, less control in the *detail* of the Estimates for the three military Departments. The main control over these Estimates is that of the Chancellor of the Exchequer, who agrees with the First Lord of the Admiralty and the two Secretaries of State, and subsequently with the Cabinet, what is to be the total of the Estimates presented to Parliament on account of the three Services. If the proposed total shows any appreciable increase, the particular Minister will explain to what causes the increase is due, e.g. a general scheme of reorganisation in the regular or reserve forces, an increase in the armed strength, etc., or, in the case of the Navy, the establishment of a new Naval Base, or a new programme of construction. When the general totals have been settled between Ministers, the Department proceeds to submit each Vote separately to the Treasury with all necessary explanations of the reasons for increase or decrease in the various items in comparison with the sums taken in the preceding year. The Estimate cannot be submitted to

Parliament till Treasury sanction has been obtained, though that sanction may be given subject to the results of further consideration of specific items. New charges of importance are not to be inserted in the Estimates unless they have been previously sanctioned by the Treasury. Further, the form of the Estimates is laid down by the Treasury, and no alteration of arrangement or classification can be made without Treasury sanction.

In the case of a Civil Department, if the Treasury refused to present the Estimate to Parliament, no Estimate would be presented. But in practice this is not likely to happen. If there were an apparently irreconcilable difference of opinion between the Chancellor of the Exchequer and the Minister concerned, the question at issue would probably be decided in the Cabinet, when one of the two Ministers might get his way (and the other might or might not resign), or there might be a compromise. But a case of refusal to present a particular Estimate as submitted to the Treasury did occur in the year 1894, and is very interesting, although the dispute on that occasion was not a dispute between the Chancellor of the Exchequer and the Minister at the head of another Department. In the year 1893-1894 the House of Commons had, on the motion of Mr. Hanbury, reduced the Vote for the House of Lords Offices by £500 on Subhead C (Salaries, etc., Department of the Clerk of the Parliaments), the reduction being put on the ground that salaries in the House of Lords were at a higher rate than those in the House of Commons. The Estimate for 1894-1895

was submitted to the Treasury not only without any reduction on Subhead C, but with an increase in other respects beyond the Estimate for 1893-1894. The Treasury declined to present this Estimate and reprinted, as for 1894-1895, the Estimate for 1893-1894, in totals but without details, adding a note that "No details can be given for 1894-1895." Before the Estimate was reached in Committee of Supply, details were given in a return of August 15th, 1894. When the Estimate came up for discussion in Committee of Supply (August 17th), the Financial Secretary to the Treasury was able to explain to the Committee that a conference had taken place between the House of Lords and the Treasury, and that the House of Lords had agreed to meet the suggestions of the Treasury, and to place their staff of clerks on exactly the same basis as the staff of clerks in the House of Commons. The Estimate as presented by the Treasury was passed, after debate, in Committee by 66 to 57 and on Report by 76 to 45. A supplementary estimate for 1894-1895 of £300 was forwarded to the Treasury in February, 1895, but the Treasury declined to submit it to the House of Commons. The incident as a whole serves to show that the practice under which it rests with the Treasury to present all Civil and Revenue Departments Estimates to the House of Commons is not without its utility.

Another difference between the Military Departments and the Civil Departments is that the former have strong Financial Departments of their own which form a sort of domestic Treasury in each of the three Offices—the greater Civil Departments

also have a similar arrangement—so that control by an external Treasury need not in their case be so minute as with other Departments. The Treasury can, and does in fact, in such cases, delegate to the Department a certain amount of authority to incur expenditure (within specified limits in each case) without Treasury sanction, e.g. for hirings of land and buildings, compensation for damage to roads or bridges; to write off losses, deficiencies, or claims abandoned up to a fixed amount in each case; or again to allow expenditure not covered by regulations within a total limit for a year, subject (as regards some categories of expenditure) to a return being periodically rendered of the actual items sanctioned under the delegated authority.

Excepting the Departments under the direct authority of Treasury Ministers, all the Departments in the Civil Service are theoretically subject to the same measure of control by the Treasury. On the details of such control there are a vast number of Treasury minutes and circulars on record for the guidance of the Departments and of the officers of the Treasury themselves. The scope of the control over a particular Department may also come up for consideration from time to time, as for instance when, in 1903, correspondence took place with the Board of Education about the control exercised by the Treasury over the details of educational expenditure, and an agreement was arrived at between the two Departments. It is not thought that it would serve any useful purpose to attempt any description or even classification

of the various Treasury minutes and circulars referred to. The nature of Treasury control is pretty generally understood, and the details would probably be found tedious.

It stands to reason that the effect of Treasury control over the Departments is apt to vary from time to time according to circumstances, e.g. the prestige and strength of a particular Department for the time being, or (sometimes) the fact that the Department is, as it were, riding on the top of a wave of public feeling on some subject. The Treasury has constantly to adjust its attitude and tactics to the situation which it has to meet at a given time. Sometimes the strength or weakness of the "opposite number" on a particular subject as evinced by a letter to the Treasury will affect the nature of the rejoinder. An extreme case may be mentioned, where, a Department having exposed its ignorance or obtuseness in a technical matter, the Permanent Secretary of the day was roused to the pitch of declaring that the only suitable reply would be a letter written in words of one syllable, and straightway proceeded to draft such a letter. "My Lords bid me state" was naturally substituted for "I am directed by the Lords Commissioners of His Majesty's Treasury," and so on throughout. As might be expected, the address to be put on the envelope would ordinarily have been the crux; happily Providence had located the great Department in question in Pall Mall, and this made the difficulty not insurmountable; "War Lords" came naturally, for has not the expression the (all-) highest authority? The letter was never sent (one may

imagine the commotion that it would have caused if it had been), but the draft is a cherished possession of the Treasury.

There are a number of other curiosities in the drafting of Treasury letters where the particular letter under reply gave an opening or offered a temptation. The complications of Army or Navy regulations submitted for the concurrence of the Treasury were a fruitful source of official dialectic. I remember an occasion when certain proposals submitted to the Treasury produced in the mind of the reader an impression of hopeless confusion between the conditions governing compulsory and voluntary retirement respectively. The Treasury had to disentangle them, and the reply, I remember, pointed out that, while it was one thing to permit an officer to retire compulsorily, and another to compel him to retire voluntarily, the two things must at least be kept distinct, lest worse confusion should arise. In another case, where an Estimate for "Victualling and Clothing" was in question, the two things were, under some heading, rather mixed up, and the Treasury was tempted to reply that, while clothes were of course a necessary provision, nothing but the direst necessity could justify their being classed as victuals.

[Continuous efforts are made to put the Treasury and the other Departments on terms of greater confidence and more cordial co-operation with one another; the origin of this wholesome movement may be traced back to the '90's. The appointment of Committees containing representatives of the Treasury and of the Department concerned to

consider the details of new proposals requiring to be submitted to the Treasury has always been a useful method of bringing the views of the Departments and of the Treasury into accord ; but there is now also a much greater amount of informal consultation between the Heads of the Departments than there was in my early days. Different means have been suggested from time to time for saving correspondence and avoiding friction between Departments. I will mention only one instance. In 1894, when Mr. Campbell-Bannerman (as he then was) was Secretary of State for War, an arrangement was made between the Treasury and the War Office for periodical meetings of officers of the two Departments for the discussion of proposals of the War Department which had previously been submitted to the Treasury in official letters. Again, much use was made of this method during the war, when the heads of the Treasury had weekly meetings with officers of the Admiralty, War Office, Ministry of Munitions and other Departments respectively to discuss urgent proposals and settle them out of hand, subject to formal record being made of them afterwards in schedules submitted by the Departments for official Treasury sanction *en bloc*. This method saved much correspondence and delay.

But of course, whatever methods are adopted to facilitate the dispatch of business from time to time, it is the duty of the Treasury to fight, always and in all cases, impartially, for economy and, even though beaten time after time (as it commonly is in these days), to come up smiling for the next bout. It has been the victim of many attacks,

sometimes from exalted persons, as witness the remarks of the late Lord Salisbury in the House of Lords on January 30th, 1900: "I say that the exercise of its (the Treasury's) powers in governing every Department of the Government is not for the public benefit. The Treasury has obtained a position in regard to the rest of the Departments that the House of Commons obtained in the time of the Stuart dynasty." The obvious prejudice betrayed by this utterance robbed it of any real sting. It should be read with another remark by the same master of irony. On February 5th, 1895, Lord Welby, ex-Permanent Secretary to the Treasury, moved the Address in the House of Lords in answer to the Queen's Speech. In complimenting him on his speech, Lord Salisbury spoke of him as "a noble Lord whose words I have listened to with deep submission when we both occupied seats at the Treasury."

The same sort of attacks will continue to be made; but the Treasury may take comfort from the deliberate opinion of the recent Committee on National Expenditure that "nothing should be done to detract from the efficiency of the Treasury machine for controlling expenditure and effecting economies."

Chapter IX

ROUTINE AND OFFICE PRACTICE

THE first person to systematise the methods of doing business in the Treasury was Sir George Downing, "the godfather of Downing Street," who was Secretary to the Treasury from May, 1667, to October, 1671. This has been made clear by Dr. W. A. Shaw in the prefaces to certain of the volumes of the "Calendar of Treasury Books and Papers" which he has so admirably edited.

On the death of Lord High Treasurer the Earl of Southampton, the Treasury was put into commission by Letters Patent of May 24th, 1667, the Commissioners being the Duke of Albemarle, General of the Forces; Lord Ashley, Chancellor of the Exchequer; Sir Thomas Clifford, Comptroller of the Household; Sir William Coventry and Sir John Duncombe. The first meeting of these Commissioners was held on May 25th, 1667, and was devoted to the reading of the Commission. At their second meeting two days later, May 27th, 1667, they passed the following Resolution which forms the first paragraph of the record of their proceedings:

"Ordered that the Secretary, Sir George Downing, Knight and Baronet, attending this commission, should keep a book singly for registering the brief notes he should take for framing any orders upon or pursuing other Their Lordships'

directions, which notes at their next meeting, and before they entered upon any new business, he should acquaint them with and what was done thereupon, and so from time to time, what progress was made upon any directions then unperfected. That he should enter the names of the commissioners present at every meeting and constantly observe this method."

From this date begins the Minute Book which, as Dr. Shaw says, is "pre-eminent among the Treasury records," and which (except for three breaks in the years from 1670 to 1695, and a lacuna between April 28th, 1722, and January 13th, 1724-1725) forms an unbroken series. Previously to 1667 there was no formal record of minutes and resolutions; such as are recorded appear only exceptionally and accidentally in the form of endorsements on particular papers. Southampton's resolutions, for instance, were scribbled on the face or back of a petition or case, etc.

Although the above-quoted Resolution was the formal utterance of the Board, we can see, in the wording of it, the hand of the administrator, Sir George Downing. To him must also be put down the initiation of various other books of record, which were introduced about the same time as the Minute Book. These include the Letter Book, the Order Book, the Book of Warrants not relating to Money, the King's Warrant Book, the Customs Book, the Irish Book. The Letter Book, not less essential in the administration of an office than a Minute Book, contained copies of all letters written by the Secretary carrying out the Board's instructions. The Order

Book was by way of supplement to the Money Book, already established between 1660 and 1667. The Money Book contained entries of warrants from the Lords of the Treasury addressed to the Auditor of the Receipt, authorising him to draw an order or to pass a debenture for paying so much to such a person for such a purpose. On the receipt of the authorisation to draw an order for a particular payment, the Auditor of the Receipt drew such an order in the prescribed form and remitted it to the Treasury for the signature of the Lord Treasurer or the Lords Commissioners. The Order Books contain the record of all the Auditor's orders thus drawn and countersigned by the Lord Treasurer or Lords of the Treasury. The additional order alluded to on page 34 above, which was a letter of direction as to the particular fund out of which any prescribed payment was to be made, was entered in the Public Disposition Book, which appears to have started about the same time. The Book of Warrants not relating to Money was a record of miscellaneous business, petitions with reports and Treasury minutes thereon, warrants for release of prisoners, letters about legal proceedings, bonds, covenants and leases, orders to the Master of the Mint, warrants and letters under the head of "Lands and Fee Farms," Crown leases, Royal Woods and Crown revenues, etc., etc. The King's Warrant Book series contained Letters Patent, Privy Seals, Royal Sign Manuals or Warrants under the Royal Sign Manual relating to commissions, salaries, pensions, payments of money to ambassadors, colonial governors, etc. ; or by way of royal bounty,

royal charity to London poor, to the Universities or to provincial boroughs; Royal gifts to foreign potentates; and so on.

It is not therefore too much to say that the origin of the whole later Treasury organisation for the dispatch of business may be traced to 1667, the date of Sir George Downing's appointment as Secretary.

In addition to the above Books, I should perhaps mention the Reference Book series, which began in 1679-1680 and from 1684 onwards extends unbroken till 1819. They contain notices of those papers which, having been presented to the Treasury Board and there read, were referred by Their Lordships to some official or department for report or advice.

Registers of papers have been kept in different forms at various times. They appear to have begun with "alphabetical registers" which cover the period from 1702 to 1711, when the arrangement became chronological.

This brings us to the subject of the actual "Treasury paper." The Treasury papers (as distinct from the Exchequer records) preserved at the Record Office appear to comprise only one of the reign of Philip and Mary, five of Elizabeth, one of James I, three of Charles I, one of the Commonwealth, forty-four of Charles II, and sixty-eight of James II. After that they become numerous.

My readers will not grudge me the opportunity of mentioning the pleasure with which I find that the very first Treasury paper in the above list is a supplication dated January 11th, 1556, from my old friend John Dee, who not only wrote the learned

preface to the monumental first English translation of the whole of Euclid's "Elements," by Sir Henry Billingsley, once Lord Mayor of London, published in 1570, but also himself brought to light a minor treatise of Euclid's on the "Division of Figures," which he found in a Latin translation from the Arabic. The "supplication" of "John Dee, gentleman," is addressed to Queen Mary and sets forth that "lamentable displeasures" had happened by the subversion of religious houses and by the destruction of so many notable libraries, wherein lay the treasures of all antiquity and the everlasting seeds of continual excellency; but, notwithstanding many precious jewels and ancient monuments had perished (as at Canterbury the work "Cicero de Republica"), yet the remainder which were scattered might be saved; praying that such order might be taken as the suppliant had devised for the recovery and preservation of the said monuments. Dee's scheme was to borrow such works as were valuable and have them copied; it extended to the Vatican and other places abroad. The supplication enclosed "articles concerning the recovery and preservation of the antient monuments and old excellent writers; and also concerning the erecting of a library without any charges to y^e Queens Ma^{tie}." After inquiry at the Public Record Office, I find, with regret but without surprise, that no trace can be found of any minute having been written or direction given on the paper, a fact which confirms the *à priori* probability that the Treasury of that time was not less "obscurantist" than the late Lord Salisbury once declared it to be in his day.

Treasury papers seem to have been taken away by outgoing Lord High Treasurers or First Lords, until after the Restoration in 1660, when they began to be stored in the office itself. (Some of the official and semi-official papers of Mr. Lowndes, who was Secretary from 1695 to 1724, were bought back in 1891 from his descendant, Mr. Selby Lowndes.) When the Treasury Chambers were burnt down on January 4th, 1697-8, the papers were saved, but were kept, in a state of great neglect, in lofts and back kitchens till the year 1846. In the meantime it seems that some of the papers had been used to light fires, while many more rotted to pieces through damp and dirt. In July, 1846, the older papers were removed to the Public Record Office, and now all papers more than twenty-five years old are sent there after being "weeded." Some weeding appears already to have taken place between 1835 and 1839. The weeding was formerly done by an officer of the Treasury and an officer of the Record Office acting in concert, who picked out the useless papers and sent them to be pulped, making notes of all so destroyed. The work is now done under rules made in pursuance of the Public Record Office Act, 1877.

The number of papers read at the Board in 1767 was 906. The number registered in 1783 was 2,892; in 1800, 4,812; in 1812, 10,862. For many years prior to 1854 it was about 20,000. Measures have been taken at various times for reducing the number (1) by having reports of the Revenue and certain other Departments made on the covers of the original papers, and (2) by excluding from registration periodical returns, accounts, imprests,

travelling claims, and such like. But the number of registered papers still averaged about 20,000 in the '90's. In 1902 it was 20,753; in 1912, 26,328; in 1917, 44,443; in 1922, 54,503; in 1926, 44,894.

Treasury papers in old days used to be folded twice, and docqueted and numbered on the back and sides. This arrangement must have become very inconvenient as, in consequence of the gradually increasing complication of the subjects coming up for consideration, more and more had to be written on the papers by way of comments and minutes. After the backs and sides had been used up, odd bits of paper had to be written upon and folded in with the rest; this meant not only untidiness, but risk of loss of the added slips. It is not therefore surprising that in 1868 Mr. Ward Hunt, then Secretary to the Treasury, directed that each original paper should be kept quite flat, filed on a tag and put in a jacket upon which the docquet number and minute, or draft are written or stamped. The jackets are foolscap sheets of paper which have been sometimes reinforced with linen, sometimes made of thicker or thinner paper, according as the wish for greater durability has from time to time prevailed or not prevailed over the economising tendencies of His Majesty's Stationery Office.

The marking of the covers or "jackets" has varied from time to time. A portion, say two-fifths or less, of the front page is marked off at the top, between lines, for the date, the office stamp containing the registered number and the date of registration, the docquet ("Office and subject"), and for "References" to earlier papers. The rest

of the first page of the cover and the whole of the other three pages were formerly left blank for memoranda and minutes to be written thereon. The memoranda would be of all sorts, requests for papers, gibes such as "Mr. X.X., Please correct unofficial spelling," and what not. There is a story of an old official (before my time) who began his day regularly by, first, placing his silk hat crown downwards on the table and covering it with a silk handkerchief, next, glancing at the new papers and (generally) marking the cover (under the "reference" space) with the letter "P," which meant "Papers," and necessitated a journey on the part of the paper to the Paper Room and back, incidentally giving the official in question a respite sufficient to enable him to read *The Times* quietly before nerving himself to the work of the day. A further respite was sometimes obtained, when the paper returned from the Paper Room with papers attached, by endorsing it "More p. " !

The practice was to divide the cover vertically into two halves (generally marked by doubling it), and to use one half of each page for memoranda, and the other half for minutes or drafts of proposed replies. A tendency being evinced to transgress the unwritten limits, the next step was to *print* a thick vertical line on each page of the cover, firmly bisecting it, with the word MEMORANDA at the top of one half, and MINUTE at the top of the other. Later still the MINUTE was given the larger half of the page, and a narrow space at the top was marked off to contain the date of the letter sent in reply.

This last change was made in 1904 as the result of a thorough overhaul, made on the initiative of the Permanent Secretary, of the method of filing papers in the covers and writing on the covers. The Permanent Secretary (who, as he said, was brought up on the then existing system and had had practical experience of some which were worse) took as his text a memorandum written by Mr. Lowe as Chancellor of the Exchequer in 1870: "I wish to call attention to the very inconvenient form in which papers are sent up crowded with writing and with slips in red ink appended. We surely can afford paper enough to arrange our documents with some degree of neatness and order." Up to 1904 all memoranda in connexion with a paper, other than those written on the cover, were filed inside it on the top of the original letter and one another, in the order of superposition, so that, if you wished to read the whole of the file, you had to begin at the back and work towards the front. Under the new system it was laid down that the arrangement of papers inside the cover should be chronological—each later document being filed under the one before—so that the file could be read forwards like a book: the only exception being that enclosures to an official letter were to be put under it. Memoranda on the cover were restricted to mere references to other Departments or persons. Directions were also given that paper of more or less uniform size should be used for memoranda filed inside, and that notes of merely transient interest should be taken out when they had served their purpose. When a file became bulky, a list or index of contents was

to be made in red ink under the docquet on the cover.

The system just described lasted till after the war. The Registers of papers were large books, and the entries were made by hand. Card Indexes had not been introduced except for a few specific purposes. As regards the record of decisions, precedents, etc., the office had to rely on the Paper Room note-books, arranged, generally, according to subjects, and liable to overflow in particular places, as the spaces allowed for particular subjects filled up faster than had been anticipated. The search for papers was often a slow business, and was one of the trials of the junior clerk in a Division, whose business it was to see that they were got out; this necessitated many a personal visit to the Paper Room to interview the clerks in charge.

Since the war the whole system of registering papers, noting decisions, precedents, etc., and recording the transit of papers has been radically altered.

Under the old system of registration, the principle was "one letter, one jacket"; the particular jacket with its contents was a paper or a "file," and a series of registered papers or "files" from a particular office on a particular subject, was (within limits) kept tied together with tape and was a "bundle." The essence of the new system of registration is, not "one letter, one jacket," but "one *subject*, one jacket." That is to say, successive letters on one subject are put in one jacket under one and the same number; the "file" therefore becomes a larger entity, containing a number of

letters, each with a minute-sheet following it. When a "subject" takes a new turn, or branches off in more directions than one, or again when a "file" has grown too bulky, a new jacket with a new registered number may be started as circumstances require.

The "noting" of decisions, precedents, etc., formerly concentrated in the Paper Room, is now decentralised, and is carried out by the Departmental Clerks attached to each of the three Departments of the Treasury, who are also charged with the work of searching for precedents and with the dispatch of letters.

There is an elaborate code of rules in force for the safeguarding of "confidential" and "secret" documents, both during transit and while they are in the possession of individual officers. These rules have become more important than they used to be, in proportion to the greater quantity of confidential and secret papers circulated since the Cabinet Secretariat came into being.

It may be interesting to add a few notes of the dates of introduction of certain changes in the nature of what I may call mechanical improvements in the working of the office.

The first proposals for the use of telephones in Government Offices generally came forward in the year 1881, when it was proposed to establish an exchange, with a switch-board at the Treasury to connect that Department and some thirteen other offices, independently of the United Telephone Company's system then operating in London, and any other general systems of intercommunication.

So modest were the beginnings that the original Post Office estimate of cost provided "for the switchboard, one telephone for the use of the Attendant, three telephones for the use of offices within the Treasury, and one telephone in each of the other Government Offices"! The Admiralty could not "set apart a room specially for this purpose," but would allow their Telegraph room to be connected with the Treasury; they added that it would be necessary that notice should be given when messages of a strictly confidential character were to be dispatched. The Permanent Secretary to the Treasury of the day did not "much like the telephonic proposal," and said he could think of no circumstances under which he would not (as an alternative) either go himself, or send a messenger, as far as the Admiralty!

When I entered the office everything was written by hand, and not only the official letters which went out of the office were copied by hand, but also the copies of them which were entered in the Letter Books. The system of "press-copying" was first started in 1885; at first only one "flimsy" copy was so taken, for the purpose of being bound up in Letter Books, but very shortly afterwards it was provided that two "press" copies should be made, one for the Letter Book, and the other to be put in the cover containing the official letter to which the press-copied letter was the reply.

It was not until 1889 that typewriters and typists were introduced into the Treasury; this was no doubt long after business houses and some of the public departments had adopted the system. The

initiative was taken by Sir Reginald Welby (as he then was), who apparently heard from Sir Algernon West (then Chairman of the Board of Inland Revenue) of the success which had attended the employment of women typists at Somerset House. To give the plan a good start in the Treasury, Sir Algernon West agreed to the transfer from his Department of one of the typists employed there. This was in April, 1889, and in the following month a second typist was transferred from the Inland Revenue to the Treasury. Further appointments could only be made as vacancies occurred among the men copyists, and it was not till 1892 that a third woman typist was employed. The same year in which women typists were first employed saw the first steps taken in the Treasury to introduce shorthand-writing. The first mover in this was Mr. W. L. Jackson (afterwards Lord Allerton), then Financial Secretary, who spoke from knowledge and experience of the great value of shorthand-writing in the business world; the Chancellor of the Exchequer of the day, Mr. Goschen, heartily concurred. The use of shorthand-writers and typists has, of course, extended gradually since the '90's; and the shorthand-writing and typing staff in the Treasury now number about forty in all.

The introduction of electric light was first authorised for the ground and first floors of 10, Downing Street, in the year 1894-1895, and its installation in the official residences of the First Lord and the Chancellor of the Exchequer was completed in the two following years. The Treasury itself was first provided with electric light in 1897-

1898, up to which time candles were the usual form of illuminant in the office.

Before leaving the subject of the routine of the office, I may perhaps recall two incidents in my recollection which illustrate, in different ways, the efficiency of the Treasury. The first case was one in which an important circular had to be sent out. There were two versions of this circular in the official paper on the subject, one in the form finally approved, the other not. The clerk in charge of the Copying Room, a most careful officer, sent out the right circular by mistake (he had intended to send out the other). In the second case the Treasury performed the feat of officially answering an official letter from another Department before it was written; I claim credit for having myself had a hand in this "record" (if it be one) of speed.

Nor would I willingly close this chapter without paying tribute to the admirable service rendered by the subordinate staff of the Treasury, the office-keeper and messengers. Many of the latter serving in my time had formerly been servants in great houses, and some of them had a presence, a tact and a discretion which would almost have qualified them to be diplomats. I remember an occasion when I was Private Secretary to the Financial Secretary, and an official (we will call him Mr. S.) from the London County Council came to see me. When the messenger announced him, I asked if the visitor could kindly wait a few moments as I wished to finish something I was writing. When I had finished it, I forgot that Mr. S. was waiting, and went upstairs to see some one in the First Division.

When I had been there a few minutes, enter the messenger, who said "Mr. S., sir, of the London County Council seems to think that he has been forgotten. I assured him, sir, that that could not be the case." Another messenger at about the same time waited on the Chancellor of the Exchequer and his Private Secretary. Some person whom the Private Secretary knew of old as a bore or crank called, and the Private Secretary said to the messenger, "I can't possibly see him: tell him I am away, tell him I am out—anything to get rid of him." Then he added, "By the way, R., I hope you have not got a conscience." "I will endeavour to stifle it, sir," was the reply. I have no doubt that the present staff also contains men of the same excellent type.

Chapter X

THE TREASURY AND THE CIVIL SERVICE

THE first kind of regulation applied to offices in the Civil Service generally appears to be that dealing with the qualification of the holders to sit in Parliament. The original restriction in this respect seems to have been the outcome of a fear of the power of the Crown to control Parliament by distributing paid offices and pensions among the members. The Act of Settlement of 1700 (12 and 13 Will. III, c. 2) provided that after the accession of the House of Hanover no person holding an office or place of profit under the Crown should be capable of sitting in the House of Commons. But the disadvantages of excluding from the House all the great officers of State were soon realised, and the provision was modified by the Act 6 Anne, c. 41, so as to shut out only the holders of certain specified offices already existing, of offices of profit created since October 25th, 1705, or of new offices. The holders of certain offices declared not to be "new offices" within the Act were to lose their seats, but to be capable of re-election. Officers of the Army and Navy were exempted from the operation of the Act. As time went on, the general trend of legislation was to draw a broad distinction between political officers who could sit in the House of Commons and non-political officers who could not. When a

new office of a political character was created, it became usual to make a special statutory provision permitting the holder to sit in the House of Commons ; while, on the other hand, Bills were passed from time to time excluding from Parliament whole classes of officials. For example, Commissioners and Officers of Customs, and Commissioners and Officers of Excise, were excluded by such enactments, which now, combined with the provision excluding the holders of all new offices created since 1705, apply generally to all civil officials under the rank of Minister employed in Government Departments.

In 1782 an Act was passed depriving of the parliamentary franchise all officers employed in collecting excise, customs and other duties, and all postmasters ; but these disabilities were removed in 1868 and, as regards the right to vote, there is now no differentiation against civil servants. Such rules as there are against civil servants taking too active a part in politics or in local administration, are part of the general code of behaviour of the Civil Service. As regards candidature for Parliament, the Treasury Minute of November 12th, 1884, laid it down that, if any civil servant intends to be a candidate, he must resign his office when he first issues his address to the electors, or in any other manner announces himself as a candidate. This rule was afterwards embodied in an Order in Council (January 10th, 1910).

The control of the Treasury over Civil Service salaries is part of its control under statute or otherwise of expenditure generally. In the early days salaries, such as they were, were a charge on the

Civil List of the Sovereign. But salaries were, in most of the public offices, nominal or inadequate to the value of the services rendered, and officers were left to pay themselves by fees charged to the parties for whom the services were performed. At first the fees were received by the officers individually and no account was rendered by them, nor was the amount ever ascertained before the inquiries of the Commissioners of Accounts first appointed in 1780. After the Report of a Commission of Inquiry into fees, perquisites, etc., in public offices, appointed in 1785, a Fee Fund was established in the several Departments, and the expenses of each Department were paid out of its Fee Fund, so far as that sufficed for the purpose; only the surplus, if any, was carried to the public income, while, if there was a deficiency, only the deficiency was voted annually by Parliament among the Supply Grants. In 1830 a Select Committee of the House of Commons appointed to consider the charges upon His Majesty's Civil List Revenues recommended "that the Civil List should be applied only to such expenses as affect the dignity and state of the Crown and the personal comfort of Their Majesties," and added "that hitherto many expenses had been included in the Civil List which have no immediate connection with those objects; expenses which are, in reality, the expenses of the Civil Government of the State and which, as such, ought to be always under the cognizance and subject to the control of Parliament." The Legislature adopted this recommendation, and the Civil List Act of 1830 made provision for a

Civil List adjusted on this basis. In 1848 a Committee of the House of Commons on Miscellaneous Expenditure recommended the payment of all fees into the Exchequer, without any deduction, by the Departments into which they inquired; and in consequence of this recommendation the Estimates for the salaries and expenses of the several Public Departments in 1849-1850 were voted in full, a note being appended to the Estimates that the sums hitherto paid in aid under the head of Fee Fund would in future be paid into the Consolidated Fund.

In the meantime the Treasury had been given an important power, in another direction, over the administration of the Civil Service. This was in regard to the award of pensions. It appears that down to the year 1786 there was no attempt to establish any general system of superannuation, although in some Departments pensions were charged on Fee Funds, Contingent Funds, or Superannuation Funds to which the officers contributed; in the offices of the Treasury and the three Secretaries of State, if and so far as there was a deficiency on the Fee Funds, the pension was charged on the Civil List. There was also a common practice of charging the salaries of public officers with retiring allowances to their predecessors. In 1786 the Commissioners appointed to inquire into the Fees, etc., of public offices, recommended, with reference to the principal Departments, that "every officer, when from age and infirmities it may be necessary for him to retire from his station, shall have a decent provision for his future subsistence,

payable out of the general fund." The Finance Committee of 1797 expressed concurrence in the same general principle. The first commencement of a systematic scheme of superannuation appears in a Treasury Minute dated August 10th, 1803, which regulated superannuation allowances (within a maximum of two-thirds of salary) to officers of the Customs. The Finance Committee of 1808 recommended the extension to other Departments of the regulations adopted in the Customs "as uniting a due consideration towards long and meritorious service with a just attention to economy"; and in 1809 similar regulations were applied to the Excise under the authority of the Act 49 Geo. III, c. 96.

The Act 50 Geo. III, c. 117 (1810) was the first enactment which established a general scale of pensions calculated according to years of service. The Act laid down the conditions (1) that the officer retiring must have served with diligence and fidelity for not less than ten years, and (2) that (if under 60 years of age) he must be certified by the heads of the Department to which he belonged to be incapable from infirmity of mind or body to discharge the duties of his office. But under Section 2 no pension or similar allowance (except such as might be granted by an Order of His Majesty in Council) could be granted "without the concurrence of three or more of the Commissioners of the Treasury by a Warrant under their hands or by a letter from one of the Secretaries to the said Commissioners, to the officer or officers at the head of such Department, or by the signature

of such three of the Lords Commissioners of the Treasury to the instrument by which such compensation allowance or superannuation shall be granted."

The Act of 1822 (3 Geo. IV, c. 113), which modified the scale of pensions, required as a condition for the grant of pension a medical certificate of infirmity of mind or body if the retiring officer was under 65, and established a system of deductions from salary to form a Superannuation Fund (since abolished), further increased the powers of the Treasury. Superannuation allowances (other than allowances granted by an Order of His Majesty in Council) could thenceforward only be granted by the Treasury; and where the retiring officer was himself one of the heads, or the head of his Department, he must (unless the Department was the Admiralty, in which case the Commissioners of the Admiralty were to be the judges) have discharged the duties of his situation with diligence and fidelity to the satisfaction of the Commissioners of the Treasury. The Act also gave power to the Treasury, in special circumstances, to award special pensions not covered by the scale.

The Superannuation Act of 1834, which repealed the Act of 1822, repeated the latter provisions. The Act also laid down certain important principles. The superannuation allowance must be calculated on a three years' average of salary if the officer retiring has not, at the time of his retirement, been in receipt of the salary enjoyed by him at that time, or been in the class from which he retires, for a period of at least three years immediately

preceding (Section 12). If any person enjoying a superannuation allowance or compensation for abolition or reduction of office is appointed to fill any office in any Public Department, he can thereafter receive no more of such superannuation or compensation allowance than what with the salary of his new appointment shall be equal to that of his former office (Section 20). Lastly Section 30 provides that "Nothing in this Act contained shall extend or be construed to extend to give any person an absolute right to compensation for past services, or to any superannuation or retiring allowance under this Act, or to deprive the Commissioners of His Majesty's Treasury, and the heads or principal officers of the respective Departments, of their power and authority to dismiss any person from the Public Service without compensation."

The Superannuation Act of 1859 (which is still one of the operative Acts governing the award of pensions, etc.) contains a further provision (in Section 2) that, "if any question should arise in any Department of the Public Service as to the claim of any person or class of persons for superannuation under this clause, it shall be referred to the Commissioners of the Treasury, whose decision shall be final."

Incidentally I should mention that, while the Treasury fixes or approves the salaries and emoluments of officers in the public service with reference to the character of the duties performed, it claims the right of questioning the propriety of an officer's holding more than one appointment at the same

time, of his receiving extra pay from other sources in addition to the salary paid him from public funds, or of any other conditions of his employment which may raise doubt as to whether the State gets full value for what it pays him. These incidents of a man's service are important with reference to one of the conditions to which the grant of pensions under the Superannuation Acts is subject, namely that the duties of the office in respect of which pension is claimed are such as to require the officer's whole time.

The award of the pension of a civil servant is of course the closing incident of his career as such. In speaking therefore thus early of the Treasury powers with reference to the award of pensions as part of its control over the Civil Service, I have departed from logical order so far as the individual civil servant is concerned. I have done so because, in tracing the development of Treasury control, it is convenient to follow chronological order, and the first Superannuation Acts go much further back than the measures which led to the organisation and regulation of the Civil Service as we now know it. When we come to the powers of the Treasury in regard to the appointment of persons to posts in the Civil Service and to the conditions of employment of Civil Servants, we are in the domain of Orders in Council.

The Civil Service as we know it to-day is a recent creation which may be said to date from 1855. Previously to that date there was no regular method of recruitment, no unity of organisation, and no common principle of control save as regards the

mere expenditure of public money. Appointments were made by political patronage, naked and unashamed. The Fourth Report of the Royal Commission on the Civil Service appointed in 1912 quotes, in the historical sketch forming Chapter I, some indictments of the system by prominent persons. Lord John Russell, in 1823, wrote: "Offices in the Post Office, the Stamp Office and the Customs especially, are made part of the patronage of Members of Parliament voting in favour of the Government. . . . The Minister, seeing his advantage, has of late years more completely organised and adapted this kind of patronage to the purpose of Parliamentary influence. When an office in the Stamp or Post Office is vacant, the Treasury write to the member for the County or Borough voting with the Government and ask for his recommendation." The Duke of Wellington, writing in 1829 to Sir Robert Peel, complained, not that political patronage existed, but that certain Members claimed the right to dispose of everything that fell vacant within the town or county which they represented whether they supported the Government or not!

There was no limitation of age on first appointment, and apparently no attempt was made to ensure that only properly qualified persons should be appointed, so that Sir Charles Trevelyan, Secretary to the Treasury, could say in 1849, "There being no limitation in regard to the age of admission in the great offices of the State, the dregs of all other professions are attracted towards the public service as to a secure asylum in which,

although the prospects are moderate, failure is impossible provided the most ordinary attention be paid to the rules of the Department." The Treasury did try in 1840 to secure that "the clerks appointed to the principal offices should possess a competent knowledge of book-keeping by double-entry." "This," said Sir Charles Trevelyan, "is the only regulation that has ever been issued on the subject of the examination of candidates for employment in the civil departments of Her Majesty's Government, and there is reason to believe that no attention was paid to it in most of the offices to which the circular was sent, and that in others the practice recommended, although at first adopted, has since fallen into disuse." The way in which the system worked after first appointment was, according to Sir Charles Trevelyan, equally bad: "The prizes of the profession have long been habitually taken from those to whom they properly belong and have been given to members of the political service. . . . We are involved in a vicious circle. The permanent civil servants are habitually superseded because they are inefficient, and they are inefficient because they are habitually superseded; and having been thus trained they are appropriately shelved in *classes*, to which they succeed on the principle of seniority."

Sir Charles Trevelyan recommended, as the first steps towards a remedy for these evils, (1) the imposition of an age-limit on first appointments, (2) the institution of an examination in literary and scientific subjects before appointment, (3) the enforcement of an effective period of probation before

the confirmation of the appointment. But, beyond stimulating inquiries into the working of Departments, Sir Charles Trevelyan's utterances did not produce any effect for the moment.

In the meantime developments were taking place in a parallel service, that of the East India Company. Their Charter Act of 1833 (3/4 Will. IV, c. 85) provided that, for each vacancy in the Company's College at Haileybury, four candidates should be nominated, and that the nominees should be subjected to an examination in such branches of knowledge and by such examiners as the Board of Control might direct. In introducing the proposal Lord Macaulay supported the principle of open competitive examination in a speech which has not even to-day lost any of its savour. It must suffice here to quote a few sentences. "It is said, I know, that examinations in Latin, in Greek and in mathematics are no tests of what men will prove to be in life. I am perfectly aware that they are not infallible tests, but that they are tests I confidently maintain. Look at every walk of life, at this House, at the other House, at the Bar, at the Bench, at the Church, and see whether it be not true that those who attain high distinction in the world are generally men who were distinguished in their academic career. . . . Whether the English system of education be good or bad is not now the question. Perhaps I may think that too much time is given to the ancient languages and to the abstract sciences. But what then? Whatever be the languages, whatever be the sciences, which it is in any age or country the fashion to teach, those

who become the greatest proficient in those languages and those sciences will generally be the flower of the youth, the most acute, the most industrious, the most ambitious of honourable distinctions. If the Ptolemaic system were taught at Cambridge instead of the Newtonian, the Senior Wrangler would nevertheless be in general a superior man to the wooden spoon. If instead of learning Greek we learned the Cherokee, the man who understood the Cherokee best, who made the most correct and melodious Cherokee verses, who comprehended most accurately the effect of the Cherokee particles, would generally be a superior man to him who was destitute of these accomplishments. If astrology were taught at our Universities, the man who cast nativities best would generally turn out a superior man."

The operation of the competition clauses of the Charter Act of 1833 was suspended in 1837, but in 1853, when the Charter was renewed, Parliament was not disposed to continue the privilege theretofore enjoyed by the directors of making appointments to Haileybury. A Committee of almost unexampled authority, on which were Macaulay, Lord Ashburton, Henry Melvill, Benjamin Jowett and John George Shaw Lefevre, was appointed to take into consideration the examination of candidates for the Civil Service of the East India Company.*

* Mr. Henry Melvill, Principal of the East India College, Haileybury, from 1843-1857, had been Second Wrangler in 1821 and Fellow and Tutor of Peterhouse from 1822-32; Sir John George Shaw Lefevre, at the time Deputy Clerk of the Parliaments and afterwards Clerk of the Parliaments, House of Lords, was Senior Wrangler in 1818, and Fellow of Trinity in 1819.

Their Report, dated November, 1854, is a historic document of the first importance, from which I must permit myself to quote a few sentences. One of these deserves to be reprinted again and again: "We believe that men who have been engaged, up to one or two and twenty, in studies which have no immediate connexion with the business of any profession, and of which the effect is merely to open, to invigorate, and to enrich the mind, will generally be found, in the business of every profession, superior to men who have, at 18 or 19, devoted themselves to the special studies of their calling." The Committee drew up a detailed scheme of subjects for examination with totals of marks allotted to each; and among their observations with reference to this scheme were the following.

"We are of opinion that a candidate ought to be allowed no credit at all for taking up a subject in which he is a mere smatterer. Profound and accurate acquaintance with a single language ought to tell more than bad translations and themes in six languages. A single paper which shows that the writer thoroughly understands the principles of the differential calculus ought to tell more than 20 superficial and incorrect answers to questions about chemistry, botany, mineralogy, metaphysics, logic and English history. . . . Skill in Greek and Latin versification has indeed no direct tendency to form a judge, a financier or a diplomatist. But the youth who does best what all the ablest and most ambitious youths about him are trying to do well will generally prove a superior man; nor can

we doubt that an accomplishment by which Fox and Canning, Grenville and Wellesley, Mansfield and Tenterden first distinguished themselves above their fellows, indicates powers of mind which, properly trained and directed, may do great service to the State. On the other hand, we must remember that, in the north of this island, the art of metrical composition in the ancient languages is very little cultivated, and that men so eminent as Dugald Stewart, Horner, Jeffrey and Mackintosh would probably have been quite unable to write a good copy of Latin alcaics or to translate ten lines of Shakespeare into Greek iambics. We wish to see such a system of examination established as shall not exclude from the service of the East India Company either a Mackintosh or a Tenterden, either a Canning or a Horner."

The times were now more propitious for introducing a similar reform into the system of recruitment for the Civil Service at home. Already in 1853 Mr. Gladstone, then Chancellor of the Exchequer in Lord Aberdeen's Ministry, had appointed Sir Stafford Northcote and Sir Charles Trevelyan (who had both, jointly or severally, taken part in inquiries into particular Departments) as commissioners to inquire into the organisation of the permanent civil service as a whole, and to report on the best method of recruiting it. Their report, dated November 23rd, 1853 and presented to Parliament in 1854, is really the foundation of the system now existing.

In this report the evils of the former system were exposed in trenchant terms such as we

have seen Sir Charles Trevelyan, Secretary to the Treasury, using on earlier occasions. "Admission," they said, "into the Civil Service is, indeed, eagerly sought after, but it is for the unambitious, and the indolent or incapable, that it is chiefly desired. Those whose abilities do not warrant an expectation that they will succeed in the open professions, where they must encounter the competition of their contemporaries, and those whom indolence of temperament or physical infirmities unfit for active exertions are placed in the Civil Service, where they may obtain an honourable livelihood with little labour and no risk ; where their success depends upon their simply avoiding any flagrant misconduct, and attending with moderate regularity to routine duties ; and in which they are secured against the ordinary consequences of old age or failing health by an arrangement which provides them with the means of supporting themselves after they have become incapacitated." They recommended that, both for superior appointments and those of a lower class, the method of entry should be a "competing literary examination," after due previous inquiry into the age, health and character of the candidates. For the superior situations the competing examination should be "on a level with the highest description of education in this country," and should include an extensive range of subjects. They pointed out "the important effect which would be produced upon the general education of the country, if proficiency in history, jurisprudence, political economy, modern languages, political and physical geography, and other matters, besides the staples

of classics and mathematics, were made directly conducive to the success of young men desirous of entering into the public service. Such an inducement," they added, "would probably do more to quicken the progress of our Universities, for instance, than any legislative measures that could be adopted." They recommended that the examinations should be conducted, for the whole service, by an independent body of examiners; that the examinations should be held periodically at stated times; that different limits of age should be prescribed for candidates for the superior and inferior appointments respectively; and that there should be a period of strict probation for the successful candidates. The scheme was warmly supported by Benjamin Jowett in a long letter published with the Report; and the Report with this letter was sent for criticisms to a number of persons distinguished in public life, headmasters of public schools, and eminent men at the Universities. A collection of the replies was presented to Parliament in 1855, and some of them are very good reading. Many and various were the opinions expressed, some being favourable and some unfavourable to the scheme. Sir James Stephen was against it; John Stuart Mill was enthusiastic in its favour; Rowland Hill would have applied "absolute and unlimited" competition to only a moderate fraction of the whole number of appointments, and that by way of experiment. Most interesting historically, perhaps, are some sentences in John Stuart Mill's letter. "The proposal to select candidates for the Civil Service of Government by a competitive examination appears to me to be one of those great

public improvements the adoption of which would form an era in history. The effects which it is calculated to produce in raising the character both of the public administration and of the people can scarcely be over-estimated." . . . "Another objection is that no examination can test more than a part of the qualities required in a public servant; that it is a test of book knowledge, but neither of moral qualities, nor of those which form the foundation of ability in the practical conduct of life. And it is added that the proposed examination would have excluded Wellington, Nelson, and many more of those who have most distinguished themselves in public functions. With regard to practical talents, it may be very true that Nelson or Wellington could not have passed a literary examination. But if such an examination had been required in their day for entering the Army or Navy, can anyone suppose that young men of their energy and capacity would not have qualified themselves for it; or that even they would have derived no benefit from it?" These remarks seem well worth quoting at a time when perhaps the pendulum has swung a little the other way.

Sir Stafford Northcote and Sir Charles Trevelyan had thought that the passing of an Act of Parliament would be the only means of getting their recommendations carried into effect, seeing that the existing system was supported by long usage and powerful interests. The Speech from the Throne on the opening of Parliament in 1854 expressed the Ministry's intention to introduce a measure based on the Commissioners' recommendations. But the

intention was not fulfilled, and Lord Aberdeen's Ministry, early in 1855, made way for the Ministry of Lord Palmerston, who was not so zealous for the proposed reform.

Ultimately what was done on the Report of the Commissioners was effected by an Act of the Prerogative embodied in the Order in Council of May 21st, 1855. This procedure was in accordance with ancient precedent, the constitution of the Civil Service of the Crown having (as pointed out by Sir James Stephen) been from time immemorial regulated by Royal Orders in Council.

The Order in Council of May 21st, 1855, was far from carrying out in their entirety the recommendations of the Commissioners, inasmuch as it did not prescribe open competition as the method of filling appointments in the Public Service. The nomination or appointment of candidates remained with those who were or might be charged with the duty of such nomination or appointment; but the Order set up a Board of three Commissioners "for conducting the examination of the young men proposed to be appointed to any of the junior situations in the Civil Establishments," and candidates could not be admitted to probation in such appointments without a certificate of qualification from the Commissioners, whose duty it was, before granting the certificate, to satisfy themselves of the age, health and character of the candidates, and to ascertain that they possessed the requisite knowledge and ability for the proper discharge of their official duties. The schemes of examination had to be settled at the discretion of the chief

authorities of each Department with the assistance of the Commissioners. Six months' probation was required as a condition of final appointment. Under this system it was possible to have a certain degree of competition according to the number of candidates nominated, but that was all.

Between 1855 and 1860 the idea of open competition gained ground, and in 1857 the House of Commons recorded its unanimous opinion that "the experience acquired since the issuing of the Order in Council of May 21st, 1855, is in favour of the adoption of the principle of competition as a condition of entrance to the Civil Service." The Superannuation Act of 1859 provided that, with the exception of persons holding appointments directly from the Crown, no person thereafter appointed should be deemed to have served in the permanent Civil Service unless he had been admitted with a certificate from the Civil Service Commissioners. A Select Committee appointed in 1860 reported that, while the Order in Council of 1855 had checked some abuses, its purpose had been largely frustrated; they agreed with the Civil Service Commissioners of the day that the evidence made strongly in favour of open competition, and expressed the opinion that this would be the best method of procuring competent persons to fill the junior clerkships in the Civil Service. They contented themselves, however, with a recommendation that at least three candidates, previously ascertained to be qualified, should be nominated to compete for each vacancy, in order that there might be a real though limited competition instead of the sham competition which they found

in operation. The recommendations of the Committee were adopted more or less completely by the Government, and for the next ten years the Civil Service was recruited to a large extent by limited competition between qualified candidates nominated by the proper authorities of each Department.

Open competition obtained its charter, so to speak, in 1870. It was Mr. Robert Lowe, then Chancellor of the Exchequer, who inspired the Order in Council of June 4th, 1870. Certain situations specified in Schedule B of the Order were exempted from its operation, namely situations to which the holder is appointed directly by the Crown, situations (professional in character) placed by the Treasury under the operation of Section 4 of the Superannuation Act, 1859, and all situations filled in the ordinary course of promotion by persons serving in the same Department. But open competitive examination, followed by certification by the Civil Service Commissioners (covering qualifications, age, health and character) was made the sole method of entry into the Civil Service so far as the mass of Departments included in Schedule A to the Order is concerned, with the exception that, under Clause 7, the Civil Service Commissioners, with the concurrence of the Treasury, might dispense with examination wholly or partially in the case of professional offices, or in other special cases on cause shown. A provision was added that the chief authorities of any Department might, with the concurrence of the Treasury, from time to time, by notice in the *London Gazette*, add situations to, or

withdraw situations from, either of the Schedules A and B attached to the Order.

The Orders in Council of 1855 and 1870 are the first of the series of general Orders in Council governing the Civil Service. In due course they were followed by the Orders in Council of August 19th, 1871 (about temporary writers), February 12th, 1876 (creating the Lower, afterwards the "Second," Division), July 15th, 1881 (hours of attendance of the Lower Division), March 21st, 1890 (regulating the Second Division), August 15th, 1890 (dealing with all permanent officers on salaries in excess of those of the Second Division), November 29th, 1898 (general), September 15th, 1902, and May 29th, 1905 (amending), January 10th, 1910 (consolidation and amendment), March 22nd, 1918 ("Modified (War) Certificates"), October 23rd, 1918 (amending), December 18th, 1918 (temporary modification of competition for the benefit of men of military age), April 15th, 1919 (promotion from and to the Second Division), August 18th, 1919 (holidays of Second Division Clerks), December 9th, 1919 (amending the Order of October 23rd, 1918), July 22nd, 1920 (consequent on the Sex Disqualification (Removal) Act, 1919), and July 22nd, 1920 (general, containing additions to and modifications of the Order of January 10th, 1910).

It would be tedious to trace in detail the steps in the evolution of the rules and regulations governing the Civil Service, as laid down in the successive Orders in Council. It must suffice to say that they deal with: (1) the constitution and duties of the Civil Service Commission, and the fees payable to

the Commission by candidates for appointments, (2) conditions of entry into the Civil Service, examinations, assignment of candidates, etc., (3) probation before final appointment, (4) hours of attendance, keeping of attendance books, (5) award of increments of salary, (6) promotion and transfer, (7) ordinary leave and sick-leave, (8) prohibition of outside employment which would interfere with attendance during official hours, (9) retirement at sixty or sixty-five, (10) conditions specially affecting Second Division Clerks, scales of salary, etc.

But the reader (if he has had the patience to read thus far) will ask, what has all this to do with the Treasury? I proceed to answer this question.

In the first place, it will not have escaped notice that the first steps taken towards the abolition of political patronage and the establishment of a regular system of recruitment of the Civil Service by competition were taken by Treasury Ministers, and that the Treasury of the day in the person of their Secretary, Sir Charles Trevelyan, took part in a series of inquiries into public Departments, and originated the idea of filling appointments by open competition, a principle finally laid down in the Order in Council of June 4th, 1870, at the instance of Mr. Lowe, then Chancellor of the Exchequer.

Next, with the gradual growth of the body of regulations laid down for the Service by Order in Council, the part specifically assigned to the Treasury in the administration thereof gradually extended. The only specific functions assigned to the Treasury in the Order in Council of May 21st, 1855, were those of (a) approving of the appointment from time to

time of such Assistant Examiners and others as might be required to assist the Civil Service Commissioners in the performance of the duties assigned to them, (b) presenting to Parliament an estimate for the remuneration of a Secretary to the Commissioners, and of such Examiners and others as might be required.

But the responsibility of the Treasury for approving and presenting to Parliament the various Civil Estimates necessarily involves a certain power of co-ordination and control of the general conditions of service in the Public Departments, the cost of which is provided for in the Estimates. The Order in Council of June 4th, 1870, recognised this by imposing upon the Treasury the specific duties of: (1) approving the rules respecting age, health, character, knowledge and ability, which had to be framed by the Civil Service Commissioners and the heads of each Department for entry into that Department, (2) approving the fees payable by candidates to the Civil Service Commission, (3) approving the periods at which examinations were to be held, the number of vacancies to be filled at each, and the grouping of situations to be competed for, (4) concurring with the head of the Department concerned in any case where, for special reasons, it was considered that examination should be wholly or partly dispensed with, and (5) concurring in any additions to, or withdrawals from, Schedules A and B of the Order.

Again, the Order in Council of February 12th, 1876, establishing the "Lower Division" enacted (a) that no Department should be permanently

increased or regulated afresh without providing for the introduction of a system whereby such of its duties as were of a suitable character should be performed by members of the Lower Division, (b) that such situations as were not suitable to be filled by members of the Lower Division should, until Her Majesty's further pleasure was declared, "be regulated, as now, by the Heads of the Departments to which they belong, subject to approval by the Commissioners of the Treasury and conformably to Her Majesty's Orders applicable to them," and (c) that no vacancies should be filled up, nor any new appointments made in any Department, except by appointing Clerks of the Lower Division, until the Commissioners of the Treasury had been satisfied that the number of clerks serving in such Department with higher salaries than those of the Lower Division was not in excess of the number sufficient to perform superior duties. The Order of February 12th, 1876, has since been repealed, but similar provisions are contained in Clauses 23 and 24 of the Order in Council of January 10th, 1910.

Under the Order in Council of March 21st, 1890, relating to the Second Division, the Treasury had to approve exceptional promotions to the Higher Grade, to approve any salary paid during sick-leave in excess of the ordinary limits, and to agree with the Heads of Departments as to the reduction in the number of clerks to be employed on the introduction of a seven hours' day. In the Order in Council of August 15th, 1890, the Treasury were given similar powers as regards sick-leave, and they were further empowered (a) to extend, in

special cases, at the instance of a Department, the employment of an officer for a period of not more than five years beyond the age fixed for compulsory retirement, (2) to direct, should they see cause, that inquiry be made at intervals of not less than five years into the pay and numbers of officers employed by any Department of State.

To make a long story short, the Consolidation Order in Council of January, 1910, which contains forty-six clauses in all, assigns duties and powers to the Treasury under twenty of them. And, further, by the Order in Council of July 22nd, 1920, it is provided, not only that the Treasury must approve the regulations made by the Civil Service Commission as to the manner of entry into the Civil Service, and the conditions on which the Commissioners may issue certificates of qualification, but also that "The Treasury may make regulations for controlling the conduct of His Majesty's Civil Establishments, and providing for the classification, remuneration, and other conditions of service of all persons employed therein, whether permanently or temporarily."

It is important to bear in mind, lastly, that Orders in Council relating to the Civil Service are prepared and drafted by or under the directions of the Treasury, so that new regulations which they find to be necessary from time to time to meet new conditions arising are actually, subject, of course, to the approval of the Cabinet, submitted for the approval of His Majesty in Council and, when approved, become effective. As I have remarked above, it was thus, and only thus, that, at the instance of the

Treasury, the great reform was carried by which open competition was substituted for political patronage as the normal means of entry into the Public Service. Similarly, in more recent years, it was by Order in Council that effect was given to the important recommendation made by the Royal Commission on Civil Establishments presided over by Sir Matthew White Ridley that (subject to certain carefully-guarded exceptions) retirement should be compulsory for every officer in the Civil Service on attaining the age of 65.

From the above sketch it will be seen that the control of the Treasury over the Civil Service is in principle complete. It remains to allude as briefly as possible to certain administrative measures adopted by Government in recent years, which have a practical bearing upon the exercise of that control.

The first was the establishment during the war (in 1917) of a Conciliation and Arbitration Board for Government employees, a title changed in 1919 to "Civil Service Arbitration Board." The terms of reference were as follows: "To deal by way of conciliation or arbitration with questions arising with regard to claims for increased remuneration (whether permanent or temporary owing to war conditions) made by classes of employees of Government Departments, other than classes of employees who are engaged wholly or mainly by way of manual labour of a kind common to Government and other employment, and in respect of whom the Board are satisfied, on the certificate of the Government Department concerned, that adequate means for the settlement of such questions have already been

provided, or that changes of remuneration always follow the decision of the recognised machinery applicable to the district generally. Provided that for the present, and until experience has been gained of the working of the scheme, the Board shall not entertain applications for permanent increases of salary from the more highly paid classes of employees of any Government Department, namely, classes of officers with salaries of £500 or over, or placed on scales of salary rising to £500 or over."

The rules governing procedure did not at once receive their final form, but the following was the method ultimately agreed upon. Any claim which might fall within the terms of reference was to be heard before the Board acting as a "triplicate Chairman," together with not more than three official representatives, and not more than three representatives of the class of employees concerned: provided that the Board might, at their discretion, allow the number of representatives on each side to be increased. Where employees of only one Government Department were concerned, two of the official representatives were appointed by the Department, and one by the Treasury. In other cases the Treasury appointed all three. It was laid down that, in the first instance, the official representatives and the representatives of the employees should endeavour to arrange the matter by mutual agreement; failing this, the case was to be referred to the Board acting as arbitrators.

The Board as originally constituted consisted of Sir William Collins, K.C.V.O., M.P. (Chairman), Sir Alexander Kaye Butterworth and Mr. Harry

Gosling. In the period from May 1st, 1917, to August 1st, 1919, sixty-one settlements by agreement were reached after reference to the Board, and ninety-nine awards were made by the Board.

In the meantime new developments were taking place in the direction of consultation between employers and employed in outside industries, which, in due course, came to have their analogue in Government employment. The Ministry of Reconstruction Committee, under the Chairmanship of the Right Hon. J. H. Whitley, M.P., on the relations between employers and employed had in 1917 recommended the establishment of machinery for consultation between the two parties to an industry which took the form of what are now known as "Whitley Councils." In their Second Report the Committee recommended that the State and Municipal authorities and their workpeople should consider the original proposals of the Committee with a view to determining how far they could suitably be applied to their case. In July, 1918, the Cabinet approved in principle the application of the recommendations of the Whitley Committee, with any necessary adaptations, to Government Establishments where the conditions were sufficiently like those subsisting in outside industries. An Interdepartmental Committee, under the Chairmanship of the then Minister of Labour, Mr. G. H. Roberts, M.P., was appointed to consider what was necessary in the shape of adaptations. The recommendations of the Committee involved the setting up of :

- (1) Trade Joint Councils for the discussion of

wages, conditions of employment and recruitment and the like, composed on one side of the representatives of all Government Departments employing particular classes of labour, and on the other of representatives of trade unions having members employed in those trades, and

(2) Departmental Joint Councils for the discussion of other questions, particularly those not involving remuneration, composed on the one side of representatives of a particular Department, and on the other of representatives of the employees of that Department, with subsidiary Works, Yard and Shop Committees for the various establishments of the Department.

A further proposal was that the Ministry of Labour should be represented on the official side of Trade Joint Councils and Departmental Joint Councils, and the Treasury on the official side of Trade Joint Councils.

Councils have been set up on this basis, and there are now :

(a) Four Trade Councils for Engineering, Ship-building, Building and Miscellaneous Labour, with a co-ordinating Committee for general questions affecting more than one of these Councils. Of three of these Councils a Treasury representative is the Secretary, and of the fourth the Treasury supplies an Assistant Secretary. The Treasury appoints the Chairman in all cases.

(b) Departmental Joint Councils in the Admiralty, Air Ministry, Office of Works, Stationery Office, War Office, etc.

The initial arrangements for applying the system

of Whitley Councils to the clerical, etc., classes of the Civil Service, were more difficult in proportion to the greater lack of real analogy between clerical, etc., employments in Government Departments and industrial employments outside. The relations between the higher officials necessarily composing the "official side" of a Whitley Council for an ordinary Civil Service Department or for the aggregate of them and the officials composing the "staff side" are scarcely in any sense analogous to the relations between the employer and the employed in outside establishments; the members of the official side are not employers; the employer is the State, and the members of the "official side" are just as much employees as those of the "staff side"; hence the whole system of Whitley Councils for the Civil Service is bound to have a certain artificial character in comparison with the normal system in operation outside. Nevertheless, no pains were spared to thrash out a workable scheme. A National Provisional Joint Committee was set up to consider the whole matter and, as a result of the recommendations of this Joint Committee in a report dated May 28th, 1919, which were adopted by the Government and by a mass meeting of representatives of Civil Service Associations, there were set up:

(1) A National Whitley Council for the Administrative and Legal Departments of the Civil Service, which met for the first time in July, 1919.

(2) Departmental Whitley Councils in each of about eighty Government Departments.

(3) District Committees of Departmental Councils.

(4) An Irish Civil Service Joint Council for dealing with general questions peculiar to staffs employed in Ireland.

Agreements arrived at by the National Council or Departmental Councils are operative, subject to the over-riding authority of Parliament and the responsibility of Heads of Departments as such. In other words, the establishment of Whitley Councils does not in any way derogate from the authority and responsibility of Government and the Treasury, but it provides a means of discussion of which the fullest use is, and is intended to be, made.

The National Whitley Council for the Administrative and Legal Departments consists of an "official side" of twenty-seven members, the majority of whom are Heads of Departments, and a "staff side" of twenty-seven members, of whom about one-half are full time officers of Associations or Federations. The allocation of the "staff side" seats between the different Associations or groups of Associations is left as far as possible to the Associations to settle among themselves. The members of the "official side" are nominated by the Chancellor of the Exchequer, and its Chairman and Secretary are provided by the Treasury.

The greater part of the work of the National Council has been done by Committees. Thus agreements have, as the result of the reports of such Committees, been arrived at and put into force regarding such general matters as (1) the reorganisation of what are known as the "Treasury Classes" of the Civil Service, (2) the conditions of service of temporary clerical employees and the machinery for

their admission to permanent status, (3) the sliding scale of war bonus based on fluctuations in the cost of living, (4) the principle on which promotions are to be made, (5) questions connected with removal expenses on transfer. A Standing Joint Committee on Reorganisation has been appointed to examine and report from time to time on any question of general principle, not covered by the reports of the Reorganisation Committee, which may emerge in the application of the revised scheme of organisation throughout the Civil Service. Further, a General Purposes Committee of the National Council was set up in 1923 to facilitate the dispatch of business.

The terms of the constitution of the Whitley Councils did not deal with the question within what limits it was proper for such Councils to discuss the salaries of the various classes of persons employed in Public Departments. In December, 1921, the "official side" of the National Council agreed that the grading and remuneration of posts carrying salaries in excess of £500 a year, other than controlling or managerial posts, might be discussed on the appropriate Departmental Whitley Council, or preferably on Grade Committees of such Councils, but they have maintained the view that the National Council is not an appropriate body to deal with such matters, and that no Whitley Council can appropriately deal with the pay or grading of controlling or managerial posts. No precise interpretation of the term "controlling or managerial posts" has been laid down; but the Treasury has ruled that it would certainly include all posts in the "Administrative" class above the rank of Assistant Principal, and

posts at the head of Supply, Accounting and other specialised Departments. More recently, following an agreement as to arbitration machinery referred to below, the "official side" have agreed that the salary limit of £500 above-mentioned should be raised to £700 a year (including scales of salary commencing below, but rising above, that figure).

Each side of a Whitley Council is responsible for its own expenses, common expenses being shared.

In 1922 it appeared that the existence of the Civil Service Arbitration Board, which dealt with differences arising on claims for increased remuneration made by classes of Government employees, was prejudicial to the full working of the Whitley Councils, and for this and other reasons the abolition of the Arbitration Board was announced by the Chancellor of the Exchequer in the House of Commons on February 22nd, 1922. At the same time it was arranged that three Members of Parliament should be included in the "official side" of the National Whitley Council, these gentlemen definitely accepting the position of forming part of the "official side" and, in conjunction with their colleagues on that side, being responsible to Ministers.

Later it was agreed in principle that revised arbitration machinery should be set up, and in 1925, following the report of a Committee of official and staff representatives appointed to draw up a scheme, it was decided that the arbitration authority for the Civil Service should be the Industrial Court established under the Industrial Courts Act, 1919. The Court consists of a Chairman (who may be

either the President of the Industrial Court or the Chairman of a Division of that Court), together with one member drawn from a panel of persons appointed to the Court by the Minister of Labour, as representing the Chancellor of the Exchequer for the time being, and one member drawn from a panel of persons appointed to the Industrial Court by the Minister of Labour, as representing the "staff side" of the National Whitley Council for the Administrative and Legal Departments of the Civil Service. Civil Servants and officials of the Associations and Federations of classes of Civil Servants are regarded as ineligible for appointment as members of the Court for this purpose.

Claims in respect of classes with salaries in excess of £700 a year (unless such salaries are on a scale rising from some figure less than £700 a year to more than £700) are not referred to the Court except by consent of both parties concerned in the claim. Subject to this limitation, claims affecting the emoluments, weekly hours of work, and leave of classes of Civil Servants may be submitted to arbitration by the Court, either by Government Departments on the one hand, or by recognised Associations of Civil Servants within the scope of the National Whitley Council for the Administrative and Legal Departments of the Civil Service and the Departmental Councils allied thereto on the other.

Chapter XI

OUTLYING BRANCHES OF THE TREASURY

THE present chapter will be devoted to a very short account of certain Departments which, either because they are provided for under the same Vote as the Treasury proper, or because they are under the direct control of the Lords Commissioners of the Treasury, count as part of the Treasury in its wider sense. The first of these is the Department of

The Treasury Solicitor.

The full title of the Treasury Solicitor is now "His Majesty's Procurator-General and Solicitor for the affairs of His Majesty's Treasury."

The office of Treasury Solicitor dates from at least 1655. The holder was by profession a solicitor, and was allowed private practice, until about the beginning of the nineteenth century. Since 1806 he has been a barrister and has been precluded from private practice. There were joint Solicitors until 1794, but apparently only one of them acted. The office of Assistant Solicitor was created in 1746 in consequence of the number of State trials then in progress. A second Assistant Solicitor was appointed in 1877, and a third in 1878 and again in 1879. There are now one Chief Assistant Solicitor and three Assistant Solicitors.

The legal business of Government Departments has of late years been gradually concentrated in the hands of the Treasury Solicitor. The effect of this concentration seems to be, to a large extent, a restoration to him of duties which he used to discharge in the seventeenth and eighteenth centuries, but which, towards the close of the latter century, were divided among a variety of legal officers. Prior to 1842 his duties were confined to the Treasury, but by a Minute of March 18th in that year he was made Solicitor to the Home, Foreign, Colonial and Privy Council Offices, as well as other Departments. In 1852 the separate legal establishment for Mint prosecutions was merged in that of the Treasury Solicitor, those prosecutions having been first placed under his control in 1849. For a time after July 6th, 1876, he had charge of Bankruptcy prosecutions. (But both Mint and Bankruptcy prosecutions are now undertaken by the Director of Public Prosecutions.) In 1876 he was also made Solicitor to the Office of Works, and in 1877 Solicitor to the War Office and Admiralty, as recommended by the Legal Business Committee of 1875. He also acts for the Attorney General, the Ministry of Pensions, the Air Ministry, the Ministry of Transport, the Prison Commission, the Charity Commission, the Department of Scientific and Industrial Research, Chelsea Hospital, the Patriotic Fund Corporation, the National Debt Office, the Imperial War Museum, and also for the Crown in Peerage cases and Commissions Rogatoires. Further, through the Treasury, he acts for many other Departments,

including the Board of Control, the Public Trustee, the Civil Service Commission, the Land Registry, the Lord Chamberlain's Department, the Mint, the National Gallery, the Public Record Office, the Road Board, the Stationery Office, the Friendly Societies Registry and various other permanent or temporary offices and commissions.

The Treasury Solicitor was constituted a corporation sole by the Act 39/40 Vict. c. 18.

The conduct of actual litigation (formerly entrusted to Messrs. Hare & Company) is in the hands of a Branch of the Solicitor's Department at the Law Courts established on January 1st, 1897.

The Office of Procurator-General (King's Proctor), which is combined with that of Treasury Solicitor, is of ancient date. The holder was Procurator-General for the Sovereign in the Court of Arches, the Admiralty Court and the Prerogative Court. His duties may be inferred from the following extract from the Royal Warrant of August 2nd, 1876, appointing Mr. (afterwards Sir Augustus) Stephenson, the Treasury Solicitor, to be "Our Procurator in all causes and matters, maritime, foreign, civil, and ecclesiastical, whatsoever, which do or may anyway concern Us or Our interests, rights and prerogatives, or in any way belonging to Us, and that are, shall, or may be agitated, depending, or come in question in our Courts of Admiralty, or any Ecclesiastical Court, or before the Judicial Committee of Our Privy Council, or touching any manner of prizes and causes, civil and ecclesiastical, whatsoever. . . ." The holder of the office of Procurator-General receives no salary or

other emolument as such. All fees, etc., coming to him in that capacity are paid into the Exchequer as Appropriations-in-Aid, and his clerks are provided for in the Vote.

During a maritime war the duties and responsibilities of the Procurator-General are very considerably increased, as the conduct of all Prize proceedings in the United Kingdom rests with him. At the outbreak of war in 1914 a staff had to be created at once to deal with the great mass of the Prize work; this staff was recruited in part from the Treasury Solicitor's Department and in part from the profession.

The Branch of the King's Proctor's Office which deals with Divorce interventions is conducted, under the supervision of the Procurator-General, by an Assistant King's Proctor.

By the Prosecution of Offences Act, 1884 (47/48 Vict. c. 58), which came into operation on August 14th, 1884, the Solicitor to the Treasury was also made Director of Public Prosecutions, but the two offices were separated by the Prosecution of Offences Act, 1908, which came into force on June 18th, 1908.

The Treasury Solicitor's Office was transferred from Lincoln's Inn Fields to Gwydyr House, Whitehall, in 1842, and thence to the Treasury in 1851. In 1920 the Head Office staff was removed to Storey's Gate, Westminster.

The Parliamentary Counsel's Office.

An appointment of Parliamentary Counsel was

first created as an addition to the staff of the Home Office in 1837, when Lord John Russell was Home Secretary. The present office was created by Treasury Minute of February 12th, 1869, in substitution for arrangements made in 1842 and 1848 under which many different Counsel had been employed for the preparation of Bills, besides the special draftsman attached to the Home Office. The Home Office Counsel was appointed "Parliamentary Counsel," placed under the control of the Treasury and provided for in the Treasury Vote.

The intention was that the Parliamentary Counsel should himself, or through his permanent or temporary assistants, draft all Government Bills, except Scottish and Irish Bills, and except where a Government Department had a solicitor or salaried legal officer attached to it who had been in the habit of preparing Parliamentary Bills. Instructions for preparing a Bill were to be sent by the Department requiring it, through the Treasury, to the Parliamentary Counsel, and the Bills when prepared were to be sent through the same channel to the Department. By a Minute of May 23rd, 1871, the Treasury directed (1) that Bills in the province of Departments which have no legal advisers should be drafted by the Parliamentary Counsel as a matter of course; (2) that Bills prepared by a legal adviser should be sent to the Parliamentary Counsel for examination and revision, unless a Secretary of State has special reason for wishing a Bill to be settled by the legal adviser exclusively; (3) that, if a departmental draftsman requires help in settling or drafting a Bill, reference should be

made to the Parliamentary Counsel. The procedure by which a Department obtains the services of the Parliamentary Counsel for the drafting of a Bill starts with a letter from the Department to the Treasury stating that it is desired to prepare a Bill on such and such a subject and asking that the Parliamentary Counsel may be instructed to place himself in communication with the Department with a view to drawing the same, whereupon the Treasury instructs the Parliamentary Counsel accordingly.

When the Office was first created, there was one Parliamentary Counsel and one Assistant Parliamentary Counsel. There are now a First, a Second and a Third Parliamentary Counsel provided for in the Treasury Vote. The Vote also contains provision for "Fees to Counsel, etc.," which covers the fees paid (*a*) to two members of the junior Bar who, though not forming part of the staff of the Department, attend regularly at the office and devote practically their whole time to assisting the Parliamentary Counsel, and (*b*) to Counsel employed, under the general supervision of the Parliamentary Counsel, in the preparation of Bills, such as the Criminal Code Bills and a recent Lord Chancellor's Law of Property Bill, which involve special technical qualifications.

The average number of Bills prepared in the office during the three years before 1925-1926 was 89, in addition to statutory rules and orders and amendments to Private Members' Bills; and during the same period 20 Consolidation Bills were prepared. The number of statutory rules and orders

prepared during the period was very considerable, including a large number of Orders in Council under such enactments as the Representation of the People Act, the Government of Ireland Act and the Acts in relation to the establishment of the Irish Free State.

The Paymaster-General's Office.

Before the consolidation of various paying offices into the present Paymaster-General's Office, the payments for the public service in England were made in a number of different Offices, namely (1) the Army Pay Office situated in Whitehall on the site of the present Paymaster General's Office, (2) the Navy Pay Office situated in Somerset House, (3) the Ordnance Pay Office at the Tower, (4) the Office of the Paymaster of Civil Services, situated in the Treasury, (5) the Office of the Paymaster at Chelsea Hospital, (6) the Office of the Clerk of the Bills and the Receiver of Fees at the Treasury, and (7) the Pay Branch of the Office of Public Works and Buildings at Whitehall.

The lists of Paymasters-General of the Forces and of Treasurers of the Navy both go back to 1660, when the offices were held by Sir Stephen Fox and Sir George Carteret, Baronet, respectively. The lists of holders down to 1835 include the names of Robert Walpole, afterwards Earl of Orford, Lord Cornwallis, William Pitt, afterwards Earl of Chatham, Lord North, Edmund Burke, George Canning and Lord John Russell, afterwards Earl Russell, among the Paymasters-General of the Forces, and

of Robert Walpole, George Canning and Richard Brinsley Sheridan among the Treasurers of the Navy.

A building on the site of the present office is mentioned in 1689. This was occupied by the Paymaster-General of the Forces and was really a wing of the then Horse Guards. The present building dates from 1726.

In 1779-1780 a movement for retrenchment and the reform of the financial system was originated in a series of speeches made in the House of Commons by Edmund Burke, then in the plenitude of his powers, in which he put forward a comprehensive scheme of reform. Burke became Paymaster-General of the Forces in 1782 and in the same year prepared and passed through Parliament the Act 22 Geo. III, c. 81 (an Act for the better Regulation of the Office of Paymaster-General of His Majesty's Forces), which, after reciting abuses which had taken place (mainly the accumulation of large sums of public money in the hands of the Paymasters of the Forces beyond what was necessary for carrying on the services in their department, and the taking and carrying out of office with them, upon their resignation or removal, of large balances of public money which they had retained and kept in their hands many years after being out of office), provided against such abuses and put matters on a proper footing for the future.

The present office of Paymaster-General was created by an Act of 1835, 5/6 Will. IV, c. 35, and the Treasury Minutes of August 19th and November 19th, 1836, which consolidated the offices of the

Paymaster-General of the Forces, the Treasurer of Chelsea Hospital, the Treasurer of the Navy and the Treasurer of the Ordnance. In 1848, under the Act 11/12 Vict. c. 25 and the Treasury Minute of December 22nd, 1848, the offices of (1) the Paymaster of Exchequer Bills and (2) the Paymaster of Civil Services were absorbed into the Paymaster-General's Office.

Like the Paymaster-General of the Forces in former days, the Paymaster-General is always a political officer. No salary is now attached to the office, and his duties are, as a rule, discharged by the Assistant Paymaster-General under power of attorney or other authority. The power of attorney has reference to the writing-off from one bank account to another, and to endorsing bills and giving discharges; the rest of the delegation is by minute or tradition.

The Paymaster-General either pays or imprests to other officers for payment all moneys for the public service which are not provided in the Votes for the Revenue Departments or issued for the National Debt. He also holds the cash balances and makes the payments on account of Army Prize, Navy Prize, Capital and Income of Greenwich Hospital and the Patriotic Fund.

The full pay of the Army and Navy, the money for most of the Departments in Scotland, and the salaries and expenses of a few Departments in England, are issued by the Paymaster-General in large sums for detailed payment on the responsibility of officers of the several Departments. For the detailed payment of the rest the Paymaster-General

is responsible. The claims are, as a rule, preferred at his office in London, or in Edinburgh at the office of the King's and Lord Treasurer's Remembrancer. Many non-effective allowances are, however, paid through collectors of revenue acting as his agents in various parts of the country, through Naval Cashiers at the Dockyards, and through other officers in the colonies and in several foreign countries ; but in all cases the vouchers are separately examined at the Paymaster-General's Office before being finally passed.

In recent years the work of the Department has been greatly increased by reason of the payments on behalf of new Departments created, the numbers of pensions and gratuities granted in consequence of the War, the transfer to the office, as from August 1st, 1922, of the payment of the pensions of the Royal Irish Constabulary, and by the quarterly reassessment of that part of certain Civil Service pensions which is computed on the war bonus varying in accordance with the cost of living index figure. Additional work has also been thrown upon the office by the passing of the (Civil) Pensions (Increase) Acts, 1920 and 1924.

*The King's and Lord Treasurer's Remembrancer,
Edinburgh.*

The Act 6 Anne, c. 26 was passed in pursuance of a clause in the Treaty of Union for the purpose of putting the Scottish Exchequer upon a new footing, so that it might work in harmony with the English system.

The Barons of the new Court of Exchequer in Scotland continued to sit as a Treasury Board for Scotland subordinate to the Treasury in London. They also sat as a Court of Law in Revenue cases, but they never acquired a common law jurisdiction such as was exercised by the English Court of Exchequer.

The King's Remembrancer was the most important officer of Exchequer under the Barons, and the best short description of his position that can be given is to say that he acted as the principal secretary of the Barons in all the multifarious business in which they were concerned.

The Lord Treasurer's Remembrancer was another officer of Exchequer. His principal duty was the examination and audit of criminal accounts for all Scotland.

Various other officers were attached to the Scottish Exchequer, but the duties of these officers have since either been merged in the office of King's and Lord Treasurer's Remembrancer or transferred to other Departments.

Prior to 1836 the offices of King's Remembrancer and Lord Treasurer's Remembrancer were separate. They were then combined in one. Experiments were made in transferring some of the duties to other Departments, but it was soon found to be more convenient to pursue the opposite policy of concentrating duties in the hands of the Queen's and Lord Treasurer's Remembrancer (as he then was). Further, in 1854 a very important addition was made to the duties of this officer on the death of the Receiver and Auditor of Exchequer, in whose

Department the business of Paymaster of the Civil Services in Scotland was carried on. The Pay Office of Exchequer in Scotland was then attached to the office of the Queen's and Lord Treasurer's Remembrancer.

The duties of the King's and Lord Treasurer's Remembrancer, so far as they relate to the receipt and payment of public money, are similar to those of the Pay Office in London. He makes payments on account of (*a*) the following Consolidated Fund services: Civil List pensions, annuities of retired Judges, Sheriffs, etc., miscellaneous salaries and allowances, stipends of Scottish clergy, salaries of Courts of Justice, Scotland, and (*b*) services provided for in the votes for the Treasury and subordinate Departments, Law Charges and Courts of Law, Scotland, Register House, Edinburgh, Board of Agriculture, Scotland, and about a dozen other Votes. All estates falling to the Crown as "ultimus hæres" or by escheat are administered by the King's and Lord Treasurer's Remembrancer. He accounts for the Votes for Law Charges and Courts of Law, Scotland, the Register House, Edinburgh, and the National Library, Scotland. He examines the Supreme Court and Sheriff Court Fee Books and the Consignation Books, as well as the funds in the hands of Sheriff Clerks under the Workmen's Compensation Acts. He is also Registrar of Joint Stock Companies, Keeper of the Edinburgh Gazette and Registrar of Business Names. Since December 1st, 1923, he has had the duty of auditing the accounts rendered by the Registration Officers and Returning Officers of the Counties and Burghs of Scotland.

Rating of Government Property Department.

Contributions in lieu of rates are given from the Rates Vote in respect of all property occupied by the Crown for the public service and maintained directly out of Votes of Parliament. All such contributions are by way of bounty because the Crown is exempt from liability to pay local rates, and premises become non-rateable immediately they come into the Crown's occupation whether they are freehold or not.

In 1859 the Government undertook to give contributions to the *poor* rate of every parish containing Government property where such property amounted in value to one-seventh of the parish. The first Vote taken amounted to £35,000, and no material alteration in this amount occurred till 1874.

In 1874 the Government began the present system of contributing to every parish containing Government property, however small such property might be, and in aid of all local rates instead of the poor rate only. Sir Stafford Northcote, then Chancellor of the Exchequer, explained, in his Budget Speech of 1874, the principles on which the Government proposed to deal with the rating of Government property. These were, briefly, that property occupied for the public service should contribute to local rates equally with the other property in the parish in which it is situated, having due regard to the character of the property in each case, but that the Government considered it necessary, seeing how widely different are the various kinds of Govern-

ment property and how impossible it is to apply to all of them the rules of assessment applicable to private property, to retain in their own hands the valuation of all Government property, with the intention of adopting in each case as far as possible the same principles as are applicable to the valuation of private property.

In 1875 all the different contributions in aid of local rates which had previously been scattered over the Army, Navy, Civil Services and Revenue Departments Votes were united with the principal Vote in Class I, with the exception of rates assessed on Telegraphs under the Telegraph Acts. A similar exception was made in 1878 of the rates charged on the Post Office Savings Bank building. The contributions in respect of Telegraphs and the Post Office Savings Bank are still provided on the Votes for these services in order to bring all expenses connected with them together so far as possible.

Contributions for property under the control of the Commissioners of Crown Lands are a charge upon the Land Revenues, and contributions for property maintained out of dues, tolls, or trust funds are a charge upon such dues, tolls or trust funds.

The valuations upon which the contributions are given are fixed after communication between the Treasury Valuer and the local authorities, and are based as far as practicable on the same principles as the valuations of rateable property with which the premises occupied by the Crown can be fairly compared.

The first appointment of a special officer to deal

with the business dates from 1863. Already in 1860 Sir G. Cornwall Lewis, to whom the question had been referred by Lord Palmerston's Cabinet, had recommended that "an experienced rating officer should be employed by the Treasury to correspond with the different Departments and to conduct the whole of the business." In 1863 a Departmental Committee recommended that "all claims should be dealt with by a single agency," and in that year the Treasury assigned the duty to the Office of Works, authorising the appointment of a special officer for the purpose. In 1869 the officer was transferred to the Treasury as "Inspector of Rates." In 1883, in view of the necessity for a revision of the valuations of 1874, the title was altered to "Treasury Valuer and Inspector of Rates."

The work of the Department has greatly increased during recent years, and the staff now consists of a Treasury Valuer, a Deputy Treasury Valuer and an Inspector of Rates, with executive officers, clerks and typists working under them.

Chapter XII

THE TREASURY BUILDING

UNTIL the reign of Charles I Treasury business was transacted at the Exchequer Receipt Office in Westminster Cloisters. But when Charles II put the Treasury in commission in 1660, he gave them Chambers in Whitehall Palace. It is necessary to emphasise this because there are books (e.g. F. W. Thomas, "The Ancient Exchequer of England, the Treasury and the origin of the present management of the Exchequer and Treasury of Ireland," 1848) which say that it was the Cockpit that Charles II, when, on his restoration, he put the Treasury in commission, assigned to the Lords Commissioners for their Chambers. Lord Welby stated the correct view when, in his address to the London Topographical Society on May 6th, 1911, dealing with the situation of the Cockpit,* he said that it was only after the fire of 1698 that the Cockpit was permanently occupied by public offices, and that before that time the Treasury, the Council Office and the Office of the Secretary of State formed part of the old Whitehall Palace, that part of it, namely, which extended from the Holbein Gate eastwards to the main buildings of the Palace stretching from north to south and facing the Privy Garden on the west. This east-to-west portion of the Palace

* London Topographical Record, Vol. vii., 1912, pp. 48-52.

passed close by the south end of the Banqueting House, and is of course clearly shown on the famous "Fisher's Ground Plan of the Royal Palace of Whitehall" taken in the reign of Charles II and purporting to be dated 1680.

It has been conclusively proved that Fisher's Plan, which was published by G. Vertue in 1747, cannot have been made in 1680 but must date from some year before 1670 and probably nearer to 1660. A lithographed drawing of Fisher's Plan was published by the London Topographical Society in 1900 and is of extraordinary interest because it shows the present buildings occupying the site of the Palace of Whitehall, the Cockpit, etc. on a scale enlarged to that of Fisher's Plan and, superimposed on these buildings (shown in outline and by hatching) and in a different colour, the outline of the buildings and their divisions marked, as they then existed, in Fisher's Plan. The divisions of the latter buildings are shown in the London Topographical Society's reproduction by letters (capital and small), and the occupants of the portions denoted by the letters respectively are given under each letter in a key printed on the plan as reproduced. The letters showing the divisions of the part of the Palace between the Holbein Gate and the main buildings are, in order, starting from the Holbein Gate, O, P, S, T, U, with, however, two small sections marked O parallel to S and all the sections marked Q parallel to T (and in both cases to the north). It is a curious fact, of which I have been able to find no explanation, that, while the index assigns the portions O to the Lord Chamberlain,

P to the Lord Keeper, Q to the Council Office, and U to Lord Arlington's Office (i.e. the Office of the Secretary of State), the letters S and T do not appear in the index at all. Yet the index on Ver-tue's engraving itself quite clearly allocates the portions S and T to "The Treasury Chambers" and to "The King's Labadory and Bath" respectively. Another print which I have seen, purporting to be "a reduced copy of Fisher's Plan," has the same assignment, only with key numbers instead of letters (18 for S and 19 for T) and with "Laboratory" for "Labadory."

The Treasury Chambers thus situated in Whitehall Palace itself must have been reconstructed as part of the great rebuilding works carried out by James II on his accession to the Throne in 1685. These are alluded to in Evelyn's Diary under date October 18th, 1685: "The King was now building all that range from east to west by ye Court and Garden to ye streete, and making a new Chapel for ye Queene, whose lodgings were to be in this new building, as also a new Council Chamber and offices next ye south end of ye Banqueting House." All these works were apparently completed in the following year (1686), and it must be the Treasury Chambers thus reconstructed that are referred to in the following entries contained in the records of the Lord Chamberlain's Department and in the Treasury Books respectively.

1686, Jan. 12. Warrant dated at Whitehall Treasury Chambers and signed by Treasurer Lord Godolphin, "to provide and deliver one

silver standish upon account of His Ma^{ties} Service here of the same forme and weight as those two were which you lately provided for the service of this office" (Jewel Office Warrants).

1686, Aug. 18. "Warrant dated Tunbridge Wells, to Sir Gilbert Talbot, Master of His Majesty's Jewels and Plate, to deliver to the Treasury Chambers newly rebuilt at Whitehall two silver standishes, six candlesticks and three pair of silver snuffers."

"Henry Guy, dated same to Sir Gilbert Talbot, not to provide the above two silver standishes and six silver candlesticks for the Treasury Chambers until you have Treasurer Rochester's order for the fashion of them. Send an officer of the Jewel House to his lordship at Whitehall next Tuesday with some patterns of each" (Cal. Treasury Books, Vol. VIII, Pt. 2).

1686, Aug. 18. Warrant signed by Treasurer Rochester "to forthwith provide and deliver into the Treasury Chamber newly' rebuilt at Whitehall two silver standishes and six silver candlesticks with three pairs of silver snuffers upon the account of his Ma^{ties} service" (Jewel Office Warrants).

Warrant of same date, also from Tunbridge Wells, "to Richard, Visct. Preston, Master of the Great Wardrobe, to deliver to the said new Treasury Chambers 12 crimson velvet chairs without arms, 'such as may be fitting for the Lords of His Majesty's Most Honourable Privy Council to sit upon when they come to that place'" (Cal. Treasury Books, Vol. VIII, Pt. 2).

1693, Oct. 25. Warrant signed by Treasurer Godolphin, "For the Treasury Chambers five paire of silver candlesticks, four paire of silver snuffers and snuff pans of the same weight, fashion and biggness with those formerly provided."

This location of the Treasury Chambers in the Palace of Whitehall is further confirmed by the accounts of the great fire early in January, 1697-1698. Macaulay says that "on the evening of the 4th of January a woman—the patriotic journalists and pamphleteers of that time did not fail to note that she was a Dutch woman—who was employed as a laundress at Whitehall, lighted a charcoal fire in her room and placed some linen round it. The linen caught fire and burned furiously. The tapestry, the bedding, the wainscots were soon in a blaze. The unhappy woman who had done the mischief perished. Soon the flames burst out of the windows. . . . Before midnight the King's apartments, the Queen's apartments, the Wardrobe, the Treasury, the office of the Privy Council, the office of the Secretary of State, had been destroyed." Among the authorities quoted by Macaulay are the London Gazette and the Post Man of the time. The Post Man (Numb. 418 "From Tuesday, January 4, to Thursday, January 6, 1698") says: "On Thursday between 3 and 4 in the afternoon a dreadful Fire broke out at White Hall, which soon reduced that noble Palace to ruinous Heeps and before 12 at night had consumed the King and Queens Apartments, the Standing Wardrobe, with all the old and new Buildings of the Palace to the

Water side, as also the Chapple Royal, the Treasury, and Duke of Shrewsbury's Office [the Duke of Shrewsbury was then Secretary of State], but the Books and Papers were secured. About 2 yesterday morning the Fire broke out of the Guard Chamber, with such vehemence, that the Banqueting House was judged to be in danger, and part of the low Gallery between them was blown up to secure it, the flames almost reaching the Council Chamber on the other side that was blown up likewise, but the strength of the Building was such that a great part of it continues standing, and all seemed to be secure on that side till within an hour after, when a great Fire broke out of Rubbish of the Apartments that had been blown up, which notwithstanding all that could be done to prevent it, reached the Chapple of the late King James, which, together with the lodgings that stood next to it, burnt with a vehemence that is impossible to be exprest" . . . (with more showing by what measures the Banqueting House was finally saved, which measures "happily put a stop to the Fire and saved the Cockpit, and the Buildings to the Street side of the Palace").

The Treasury being thus, in consequence of the fire which destroyed the Palace, without a home, was, for six weeks, accommodated in the private house of Mr. William Lowndes, near Westminster Abbey. On February 17th, 1697-1698, William III gave them new Chambers at Henry VIII's Cockpit on the west side of Whitehall, where they have remained ever since.

This brings us to the history of the Cockpit building. In 1532 the Abbot of Westminster

conveyed to Henry VIII, for the purpose of extending his palace and grounds, all his property on the west side of Whitehall, including the whole of the land which now forms St. James's Park. On this land Henry formed St. James's Park and, in order to gratify his taste for all kinds of sport, erected a Cockpit, open and covered Tennis Courts, a Bowling Alley, a Tilt Yard and a Long Gallery from which his court might witness the frequent jousts and tournaments held there. The sites of some of these buildings can be exactly identified by the aid of Fisher's Plan and the reproduction of it published by the London Topographical Society. The Cockpit was on the site of the present Treasury building, facing the Horse Guards Parade on the north and St. James's Park on the west side; the site was divided by what is now the Treasury passage into two unequal parts, the greater part being to the east and the lesser to the west. The Tilt Yard was opposite the Banqueting House; "Part of the Tilt Yard" is shewn on Fisher's plan occupying the west side of Whitehall, between (roughly) the site of Dover House and the then "Foot Guards" House. The Tennis Court of Henry VIII will be mentioned later.

Dr. Sheppard ("The Old Royal Palace of Whitehall," p. 66) observes that cock-fighting was for a long time a most popular form of sport in this country, and can be traced back as far as the reign of Henry II. Even the pedantic James I had a fondness for it, and "constantly amused himself with it twice a week," to quote the words of Monsieur de la Boderie, the French Ambassador at the time. Henry VIII

took great pleasure in it and, according to a writer in "Notes and Queries," his was the first pit of which there is any record. Lord Welby, in his address to the London Topographical Society above mentioned, records that there is an old courtyard under the present Privy Council Office to which a legend attaches that the cocks were kept there. The use of the building for actual cockfighting must apparently have ceased in the time of Charles II. Even before that time it was used for the performance of plays, as when "On Tuesday night, 17th February, 1634/1635, a French Company of Players being approved of by the Queen at her house two nights before, and commended by Her Majesty to the King, were admitted to the Cockpit in Whitehall, and there presented the King and Queen with a French comedy called 'Melise' with good approbation, for which play the King gave them ten pounds." Again, under dates October 30th, 1660, and November 17th, 1662, Pepys in his Diary records visits which he made to the Cockpit. Upon the former occasion he witnessed a play entitled "The Tamer Tamed," and upon the second he was present at the performance of "The Scornful Lady," and saw the King, the Queen, the Duke of Monmouth, Lady Castlemaine and "all the fine ladies."

The apartments of the Palace on the west side of what was then called "The Streete" (between the Holbein and the King's Gates) and in the neighbourhood of the Cockpit were known as the Cockpit Buildings or Lodgings. Cromwell lived in the Cockpit lodgings for some years, probably

from the time that he became the leading authority in the State, that is, before the execution of Charles I. After the battle of Dunbar he addressed a letter dated September 4, 1650, to his wife "at the Cockpit, Westminster." After he became Protector in December, 1653, state apartments in the Palace of Whitehall were got ready for him, and a contemporary notice about his removal records the following: "April 13, 1654. This day the bed-chamber and the rest of the lodgings and rooms appointed for the Lord Protector in Whitehall were prepared for his Highness to remove from the Cockpit on the morrow."

The Cockpit apartments were assigned by Parliament to General George Monck, Duke of Albemarle, shortly before the restoration of Charles II. Fisher's Plan shows as assigned to him not only the Cockpit building itself but all the apartments immediately adjoining it to the east, west, south-west and south. (The records of the Office of Works contain entries as follows: "1660 July. Washing, stopping, whiting, and blacking eleven roomes at the Cockpit for the D. of Albemarle and three paires of staires and collouring doores and lathing and laying of some walls there . . ." and "1660 July, for work done for ye Ld. Genll Monke at ye Cockpit.") The Duke of Albemarle was, as mentioned above, the first of the Commissioners of the Treasury appointed on May 24th, 1667. He died on January 3rd, 1670, the *London Gazette* recording that he died "at his apartment in the Cockpit." George Villiers, Duke of Buckingham, appears to have resided there in 1673.

A view of the Cockpit building as it then was is given in an article by the late Mr. Walter L. Spiers opposite p. 24 of Vol. II of the London Topographical Record as "from an engraving by Mazell"; it is evidently the same as that shown in a print of the Horse-Guards as they were in the time of Charles II "from a painting in possession of the Earl of Hardwick" given by Pennant ("Some Account of London," Fifth edition, 1813, p. 148). It shows the octagonal roof of the Cockpit building, which is evidently that represented on Fisher's plan.

The next stage in the history of the Cockpit building is that in which Treasurer Danby plays an important part. It was on June 19th, 1673, that Sir Thomas Osborne (who became Earl of Danby on June 26th, 1674) became Lord High Treasurer in succession to Thomas Lord Clifford; and he held the office till March, 1679, when he resigned after being impeached. The Calendar of Treasury Books (Vol. V, Pt. 1) records under date February 23rd, 1675-1676, the issue of a Warrant "to the Attorney or Solicitor-General for a great seal for a grant to Treasurer Danby of all that parcel of ground with the buildings thereon called the Cockpit, abutting south upon Hampden House and Garden, east upon a Tennis Court, and west and north upon St. James's Park and containing 210 feet north to south and 140 feet east to west at the south end thereof and 80 feet at the north end thereof, with all easements &c. for 99 years determinable upon the lives of said Danby, Edward, Lord Latimer and Peregrine, Visct. Osborne, at the rent of [6s. 8d. per an.]. The said grant to be in

consideration of the repairing and new building of the premises (or the greatest part thereof) at the cost of said Earl: the grant to be revocable on the Crown repaying to said Earl the cost of such repairs and new building."

Treasurer Danby's new Cockpit building (which is therefore intermediate between the original Cockpit building referred to above as depicted in the view given by Pennant and the existing Treasury building due to Kent) is shown in a print from J. T. Smith's "Antiquities of Westminster," reproduced by Mr. John Beresford in "The Godfather of Downing Street, Sir George Downing" (at p. 288). We note further that an autograph plan by Sir Christopher Wren, dated April 10th, 1677, of buildings existing or proposed on the Downing Street site, which is reproduced by T. F. Ordish in Vol. I of the London Topographical Record, shows a passage leading in a northerly direction from the Cockpit building to St. James's Park as "The Earle of Danby's Passage." It would appear, therefore, that Treasurer Danby resided at the Cockpit, although, according to the Dictionary of National Biography, he also, soon after receiving the Treasurer's office, acquired Wimbledon House, Surrey, of George Lord Digby and spent all his leisure there, living in considerable state.

I have not found any details regarding the occupation of the Cockpit buildings between 1679 and 1684. But in 1684 they were given to Princess Anne on her marriage with Prince George of Denmark. There is in the Record Office a Privy Seal ordering this grant dated June 2nd, 1684. It runs thus:—

“Our will and pleasure is that you prepare a Bill for Our signature to pass our great Seal containing our grant to our dearly beloved niece the Lady Anne, Wife of our dearly beloved nephew Prince George Hereditary of Denmark, and their heirs male, of that piece or parcel of ground with the buildings thereon now built called or known by the name of the Cockpit abutting south upon Hampden House and Garden, East upon a Tennis Court and West and North upon our Park called St. James’s Park containing in length from north to south 210 feet in breadth from east to west at the south end 140 feet and at the north end 80 feet at a rent of 6*s.* 8*d.* a year.”

It will be observed that the description, in this grant, of the Cockpit buildings, and the dimensions specified, are the same as in the grant to Treasurer Danby above quoted. Princess Anne was still living there at the time of the Revolution. It was from these rooms therefore that, on the approach of the Prince of Orange, on November 26th, 1688, she fled down the back-stairs at midnight, in night-gown and slippers, with Sarah, Duchess of Marlborough, as her companion, and drove away in a coach, on either side of which Lord Dorset and Bishop Compton rode as escort. Subsequently she returned to the Cockpit, but again was forced to quit it. “She was carried in a sedan chair to Sion,” says Lord Dartmouth, “being then with child, without any guard or decent attendance, where she miscarried, and all people forbid waiting, which was complied with by everybody except the Duke of Somerset, whose house she was in, and

Lord Rochester" (Sheppard, *The Old Royal Palace of Whitehall*, p. 70).

There is a reputed relic of the Princess Anne's occupation even in the present Treasury Chambers. In a small attic immediately under the roof there is, fixed in one corner, a great stone bowl, something like a font; the outside edge is square and the side is something less than three feet; the inside rim is octagonal in form. This vessel, according to tradition, has always been known as "Queen Anne's Bath." There are underneath it two openings leading to a space under the "bath," the intention being clearly to give room for a brazier of some sort or a charcoal fire, not (presumably) to heat the water but to warm the stone. There are signs too that this and some adjoining attics, at some time or other, housed occupants who were not there of their own free will; for the room at the top of the small staircase has a door plated with iron on the outside, and the lock on this door has a keyhole on the outside only, while further, on the floor below, the staircase is blocked by an iron grill also secured by a lock.

I have already mentioned that it was on February 17th, 1697-1698, and by William III, that the Treasury were given new Chambers at the Cockpit after the great fire in the Palace of Whitehall. Among the records of the Office of Works there is an interesting entry which is obviously connected with this change and, although it bears no date, may therefore safely be referred to 1697-1698. It begins as follows:—

"To the Rt. Hono^{ble} ye Lds. Commrs. of his Ma^{ty} Treasury.

May it please your Lo^{ds}.

His Ma^{ty} haveing given Command for the imēdiate fitting up the Vollarie Lodgings at Whitehall for himself, the Cockpitt Lodging for the Treary Secretary's Office, Privy Councill and Councill of Trade, besides an apartment for himself there, and that some of ye ruin'd offices should be repaired for the Board of Greencloth, and that the ground should be enclosed, and Ruins that seemed dangerous taken downe. . . ."

This brings me to the early history of the portion of the Cockpit lodgings fronting Whitehall, which history had better be brought down to 1697 before I proceed to speak of Kent's building which replaced the old Treasury Chambers on the site of the Cockpit itself.

Fisher's plan shows quite clearly the entrance in Whitehall and the passage leading to the Cockpit. This passage is a kind of lower story to the present long corridor leading from Whitehall into the Treasury; and, as it will have to be mentioned more than once, I shall refer to it as the Cockpit Passage simply. I may take this opportunity of mentioning what old work, according to Vol. II of the Inventory by the Royal Commission on Historical Monuments (1925), survives in the "two-storeyed corridor running east and west in the middle of the building." "The walls," say the Royal Commission, "are of brick with stone dressings, much cut about and altered. The N. side has at the basement-level an original opening with a three-centred head and,

in the upper storey, a window of three four-centred and transomed lights in a square head. In the S. wall is a similar window of two lights without a transom and now covered with cement. At the basement-level is an original doorway with chamfered jambs and four-centred head. The corridor is 10 ft. wide, and is probably that shown on the old plans of Whitehall, leading to the Cockpit."

South of the Cockpit Passage, Fisher's plan shows "The Tennis Court," the long side of which was nearly parallel to "The Streete," with buildings round it to the north (abutting on the Passage), to the east (fronting "The Streete"), and to the south. Apartments facing north, east and south in these buildings are all marked as assigned to Captain Cooke. On the north of the Passage fronting "The Streete" (Whitehall) come, first, the "lodgings of the Duke of Monmouth," and next, north of them, buildings assigned to the Duke of Ormonde.

Now the building just north of the Cockpit Passage named the Duke of Monmouth's lodgings is clearly shown in a drawing by T. Sandby, R.A., reproduced opposite to p. 16 in the Rev. W. J. Loftie's Portfolio monograph on Whitehall (1895). An article by Mr. Walter L. Spiers (London Topographical Record, Vol. VII, pp. 56-66) has the following description of it: "The building was originally a brick, one storey battlemented structure, divided into five bays by buttresses and with large octagonal buttresses or turrets at the four angles, rising above the gabled roof with pinnacles; and in these bays, on both sides, were

large mullioned and transomed windows, which are clearly shown on the west or Park side in a drawing of the seventeenth century, giving a view of Whitehall from St. James's Park, now in the Crace Collection, but formerly belonging to Dr. Charles Gower. . . . At some later time this building was divided by floors into three storeys." The top of the west side of the building is also clearly visible in the print reproduced in Mr. John Beresford's book, "The Godfather of Downing Street," and referred to above (p. 211).

According to Mr. Spiers, the building in question "is described" (in the *Gentleman's Magazine* for 1816) "as being part of the Palace of Whitehall built by Cardinal Wolsey; and other writers have called it Wolsey's Treasury." Mr. Spiers, however, thought this was an error, as the Archbishop of York's palace was situated entirely on the east side of Whitehall and, until Henry VIII took possession of it, all the land on the west side of the street belonged to the Abbey of Westminster. I find that, in certain drawings at the Office of Works, the building is, apparently by a sort of compromise, called "Henry VIII's Treasury." Mr. Spiers, in discussing the question what was the original use of this building, suggested that it was actually the covered Tennis Court built by Henry VIII. This he inferred from certain records connecting the building called the Duke of Monmouth's lodgings with the old Tennis Court. We know that the Tennis Court south of the Cockpit Passage on Fisher's plan was built by Charles II in 1662, to take the place of Henry VIII's Tennis Court (*cf.* an

entry in Pepys's Diary of July 26th, 1662). Now in the Calendar of State Papers, Charles II, Vol. 64, is given a Warrant, dated December 4th, 1662, to the Lord Chamberlain and Sir John Denham to put Mr. Vandeloës into possession of half the room or building in the Cockpit formerly a tennis court, now granted to him for the King's service, with permission to make alterations therein. Further, in the Harleian MSS., No. 1618, folio 222, dated June, 1664, is an account of certain charges in doing divers works in making lodgings at the old tennis court for the Duke of Monmouth, amounting to £161 7s. 10d.; and again, in the Calendar of State Papers, Vol. 136, is given a Warrant, dated November 13th, 1665, to pay Hugh May the further sum of £300 for repairs of the Duke of Monmouth's lodgings in the Tennis Court near Westminster. Mr. Spiers concluded, therefore, that the building adapted as lodgings for the Duke of Monmouth was none other than Henry VIII's covered Tennis Court, and that it was divided into three floors for the Duke of Monmouth's use, or possibly earlier.

The Office of Works inform me that there still remains standing a portion of one of the angle turrets of the old building referred to in the last paragraphs. It can be seen in the corridor running from the present Privy Council Office to Dover House, and extends from the ground floor upwards as far as the roof. The original thin Tudor brickwork was revealed upon the removal of a portion of the plastering.

• The old buildings fronting Whitehall and immediately *south* of the Cockpit Passage, were

occupied by the Board of Trade and the Council Offices. A view of them from a drawing in the Soane Museum is given in the London Topographical Record, Vol. VII, p. 60, where we see the door to the Cockpit Passage on the right, with (beyond it) one of the turrets of the Duke of Monmouth's lodgings. They are also seen in the drawing by T. Sandby, R.A., above referred to (p. 215).

As a final detail in connexion with Fisher's plan, I may mention that Lady Castlemaine had official lodgings hard by the Cockpit given her by Charles II. The plan shows at the back of the Duke of Monmouth's lodgings, between them and the Duke of Albemarle's, a set of rooms assigned to the "Countess of Castlemaine's kitchen."

Before returning to the Treasury Chambers proper built on the Cockpit site, it will be convenient to interpolate here the necessary few words about the present Treasury buildings fronting Whitehall. The portion of the old Palace of Whitehall, south of the Cockpit Passage, occupied by the Board of Trade and Council Offices, was rebuilt in 1824-1828 from designs by Sir John Soane. Soane's building, which has a short return front towards Downing Street, contains offices now occupied by the Treasury and the Parliamentary Counsel and, fronting Downing Street, the Court-room of the Judicial Committee of the Privy Council. Before the Treasury occupied the portion facing Whitehall, it accommodated the Whitehall section of the Board of Education. Soane's building originally terminated at the entrance to the Cockpit Passage. The façade was not unlike the present façade, except

that it included a projecting colonnade extending for about one-third of the whole length at the south end in Whitehall, and continuing round the corner in Downing Street, that there were only two stories showing below the cornice, and that the columns were round for their whole length from the point where they showed above the balustrade next the pavement. The façade was altered, and the building extended northwards from the Cockpit Passage to its present length, in 1846-1847, by Sir Charles Barry, R.A. Sir Charles Barry abolished the colonnade, placing the columns in that part of the building in the same position as they occupy along the rest of the front; his façade has three stories instead of two showing below the cornice, the first floor windows being made larger than in Soane's front; the bases of the columns, too, are square instead of round, up to the line above the ground floor windows, and the columns are round above that.

Soane placed the line of his frontage parallel to, but about eight feet behind, the line of the old buildings, so as to allow space for areas, etc. There was a slight bend in the line a little south of the Cockpit Passage, and, when Sir Charles Barry completed the north end of the block, he could no longer conform to the frontage line of the old buildings; he had therefore to pull down the front wall of the portion of the Palace of Whitehall north of the Passage, and rebuild it in continuation of the line of Soane's work; this necessitated the awkward projection of some eight or ten feet at the northern angle just south of Dover House. The

position would have been worse if there had been a projecting colonnade at the north end, corresponding to that of Sir John Soane at the south end. Possibly, in designing that colonnade, Sir John Soane had not appreciated what the effect of a similar one at the north end would have been in relation to the line of the street.

One of Soane's plans of the Treasury and other offices in Whitehall previous to 1824 shows the offices of the Secretary of State for the Home Department as located in the old buildings north of the Cockpit Passage, which occupied the site of the present Privy Council Office.

To return to the Cockpit building proper. We have seen it fitted up in 1697-1698 by the Office of Works for the reception of the Treasury Secretary's Office. The next curious detail that I find is an Office of Works record of a direction, dated July 23rd, 1709, for "certain rooms at the Cockpit over the Treasury Chamber to be fitted up as an office for the Duke of Queensberry and Dover, one of Principal Secretaries of State."

We hear of the Cockpit as a meeting place for Ministers in the reign of Queen Anne. It was at a meeting of the Privy Council there on March 8th, 1711, that the French Abbé Guiscard made an unsuccessful attempt to assassinate Robert Harley, Earl of Oxford, by stabbing him with a knife. For some little time after the Cockpit Chambers were given to the Treasury, it was not unusual to date Treasury letters from "The Cockpit." As late as 1794, in a bill for Treasury Incidents, the expense of lighting up the "Cockpit room" appears at £9.

On August 1st, 1732, an order passed the Board of Works for rebuilding the Treasury Office at the Cockpit, and in 1733 the plans of W. Kent for a new Treasury and offices of the Secretaries of State were approved. The old Cockpit lodgings were pulled down and the present office of the Treasury on the south side of the Horse Guards Parade, facing north and west, was built. The building and fitting up seem to have occupied the years 1733-1738. Office of Works documents at the Public Record Office, dated August 28th, 1733, relate to the pulling down of the "old Treasury," an agreement for which and the clearing-off of the old materials was entered into with a Mr. Mist, who was to allow the sum of £456. The papers record, further, the delivery to a Mr. Flitcrop of four plans and two elevations of the new Treasury, and the appointment of Robert Newton as Assistant Clerk of the Works, for the purpose of measuring up each day. Ralph, in his "Critical Review of Publick Buildings in London and Westminster," published in 1734, says "Hard by the new Treasury is erecting and, if we may judge by the foundations, of stone too. I hope it will be grand and magnificent."

It was also from the designs of W. Kent that the present Horse Guards building was erected in 1753 by Vardy. It appears that Kent's Treasury building was only a portion of a much more extensive front; there is in the British Museum a print of "H.M. New Building near Whitehall intended for the Treasury, etc., as designed by W. Kent, 1734." • B. Lambert ("History and Survey of London" 1806) says of the Treasury building :—

“The whole front is rustic. It consists of three stories, of which the lowest is of the basement kind, with small windows, though they are contained in large arches. This story has the Tuscan proportion, and the second the Doric, with arched windows of a larger size. The upper part of this story is with great inconsistency adorned with the triglyphs and metopes of the Doric frieze, though the range of the ornament is supported by neither columns nor pilasters. Over this story is a range of Ionic columns in the centre supporting a pediment.”

During the eighteenth century political meetings of the Government and their supporters were held in the Treasury building, presumably in the present Board Room. Thus in September, 1755, Henry Fox invites his friends to meet him at the Cockpit the night before Parliament meets. In 1770 George III writes to Lord North to inquire how the meeting in the Cockpit had gone off. According to W. J. Loftie, it was in the Board Room of the Treasury that it was customary, down to the later years of George III, to read the King's Speech the day before the opening of Parliament; with the members of the Privy Council who assembled on such an occasion were a select number of newspaper editors or reporters, and the proceedings were still officially described as taking place in the Cockpit.

The Board Room, normally occupied by the Chancellor of the Exchequer when sitting at the Treasury, is indeed the most interesting of all the rooms in the building. The Revd. W. J. Loftie gave a description of it, under the name of the “old Council Room,” in the *Architectural Review*,

May, 1904. The following account, compiled from papers kindly supplied by the Office of Works, goes somewhat more into detail.

The room, approximately 30 feet square, is an admirable example of early Georgian architecture and decoration, of excellent proportions, and remarkable also as the repository of some contemporary furniture of exceptional interest and value. The ceiling is high coved, the total height rising through an entresol, so that the Treasury Chambers, which elsewhere are five stories high, have here only four. The windows face west, overlooking the garden of No. 10, Downing Street; they are the last three windows at the south end of the stone building, where, in the corner, it meets the brick building facing north (No. 10). In other parts of the western side of the Treasury there is a row of small square windows above the main storey; here there are none.

The principal decorative features of the Board Room comprise:—

(a) A plain unpanelled wood dado, with carved enrichments to the skirting and surbase mouldings.

(b) The filing (between dado and entablature), probably originally hung with cut velvet, figured silk damask, or velvet flock wallpaper.

(c) An entablature, consisting of an enriched architrave, a modelled frieze, and an enriched modillion cornice.

The severity of the high coved ceiling is relieved by broad bands enriched with conventional running ornaments, consisting of an interlaced fret, water-leaf and egg-and-tongue.

(d) The chimney piece of marble and carved wood.

There are four pedimented door-cases of wood, with carved enrichments to the mouldings, pulvinated friezes, carved with oak-leaves and crossed ribands, the pediments being borne upon scrolled and profiled moulded trusses carved with acanthus leafage. The doors are double-margined and six-panelled, the panels being bevelled or, in technical nomenclature, "raised and fielded," and environed with ogee mouldings.

What most attracts attention is the elaborate chimney piece, consisting of a mantelpiece of carved white marble incorporating coupled columns of the composite order, which support an entablature comprising an enriched architrave, a frieze ornamented with festoons of fruit, crossed palm-sprays and rosettes, and an enriched modillion cornice. The overmantel consists of an elaborate superstructure of carved wood surmounted by a broken ogee, or swan-neck, pediment bearing the Royal crown, a festoon of oakleaves depending from the horns of the pediment. In the centre of the overmantel is a circular niche enframing, oddly enough, a bust of Charles James Fox by the sculptor Nollekens; round the niche is a wreath of oakleaves twined with crinkled riband and headed by a "clasp," or cartouche, bearing a lion's mask. On either flank are coupled trusses, term-shaped, and carved with "money-penny" ornament and acanthus leafage; these are surmounted by corresponding cartouches bearing lion-masks from the mouths of which depend garlands of oakleaves. •

The marble mantelpiece bears traces of alteration

at some later date, and the grate, of polished steel, is modern, though a replica of a late eighteenth-century design, having been put there within recent years to replace a nineteenth-century grate of cast iron. No trace, unfortunately, remains of the original grate.

In the Board Room are preserved the State Chair, or Throne, in which the Sovereign sat in the days when he presided at the meetings of the Treasury Board, and a magnificent set of twelve upholstered mahogany chairs, *en suite*. The throne chair is elaborately carved and gilded, and is upholstered in crimson velvet. Its four cabriole legs are adorned with lion-masks on the knees, and terminate in lion's-paw feet, while the chair-back is ornamented with a carved cartouche, bearing the Royal monogram and flanked with supporters of amorini. The arms terminate in dolphin-heads, and the arm-rests are covered with a scale-pattern and are finished against the seat-rail with dolphin-tails.

The twelve chairs *en suite* are of the cabriole-legged variety, with lion-mask knees and paw-feet. These are now upholstered in leather which probably replaces the original covering; the frames are sound, but the front "knees" have suffered, and do not any longer properly witness the remarkable verve and vigour of the original carving, which was brilliantly executed in Cuban mahogany.

There can be little doubt that the chairs are contemporaneous with Kent's building, and that they formed part of the original furniture of Walpole's day. Sir Robert Walpole was First Commissioner of the Treasury from 1721 to 1742, and

Mr. Percy Macquoid was of opinion that the chairs date from about 1730 (*vide* "The Dictionary of Furniture," Vol. I, 1924, which contains an illustration of one of them, fig. 78). The following entries in the records of the Lord Chamberlain's Department, belonging to the years 1729-1742 and 1733-1740 respectively, may perhaps refer to the great armchair, but the other chairs there mentioned do not correspond to the twelve other chairs, because, besides being twenty-four in number instead of twelve, the chairs are of walnut, not mahogany.

"Warrant for twenty-four walnuttrees chairs and one great armchair for Council Chamber at the Cockpit, estd. £254.

"Sarah Gilbert, for making false cases of crimson serge for one crimson velvet armchair, and for twenty-four velvet back chairs, sewing silk, etc., £7. 15. 0."

The Board Room table is remarkable: it is of mahogany, supported upon massive cabriole legs adorned with lion-mask knees and paw-feet. It appears, however, to be of later date than the twelve chairs, and to have been made, to match them, in the first half of the nineteenth century.

There is also in the Board Room a very beautiful table or pedestal clock. The dial showing the hours and minutes overlaps an astronomical dial above marking the months and the signs of the zodiac. The clock is a first-rate example by a maker of very considerable eminence, Charles Clay. He

was the maker, in 1736, of a remarkable musical clock in a handsome two-tiered case of mahognay and amboyna, which was exhibited to the Queen at Kensington Palace, and which "gave uncommon satisfaction to all the Royal Family present, at which time Her Majesty, to encourage so great an artist, was pleased to order fifty guineas for numbers in the intended raffle by which we hear Mr. Clay intends to dispose of this said beautiful and most complete piece of machinery." (*Weekly Journal*, May 8th, 1736.) His work for Government is recorded in various papers. An Office of Works paper of April 26th, 1721, orders his appointment "to look after and keep in order His Maj^{ty}s several Publick clocks belonging to this Office." On February 12th, 1723-1724, he was ordered to attend before the Board (of Works), with both spring and pendulum clocks "for the Comm^{rs} to make choice of one to their liking" for their own use. On February 19th, 1723-1724, the Board agreed to give Mr. Clay £12 for a very good clock, but to be in a plain black varnished case for their office roome; and on September 8th, 1725, Mr. Clay was "to exchange the Clock in this office roome for another that goes for a year without winding up, for 40^{li} and the old clock."

The clock in the Board Room is evidently that referred to in an entry of November 6th, 1740, in the Treasury Minute Book (xxviii, pp. 267-268):

"Mr. Lowther is to pay out of the King's money in his hands a sum not exceeding £160 for the great clock and all its furniture set up in the Lords' room here to Mrs. Clāy, widow of Mr. Clay who

made the same." (As Mr. Clay is said to have been in Fenchurch Street in 1740, he must apparently have died in that year.) A further entry of May 4th, 1742, records a petition from Mrs. Clay for an allowance for keeping in order the Treasury clock in their Lordships' room, which was made by her husband. The Secretaries to the Treasury were to agree with her as to a payment for this service, which they did at £4 per annum.

Among the properties belonging to the Treasury Board are some antique and valuable pieces of plate, including three silver inkstands, twelve silver candlesticks, four silver trays and four pairs of silver snuffers. Some of these are in the Board Room and the rest are kept in a place of safety. One of the silver inkstands adorns the Chancellor of the Exchequer's writing-table. The arms and initials upon it are those of William III, but the stand itself is of the period of James II, 1685; its weight is approximately 90 oz. 16 dwts.; the maker's name is Francis Garthorne, a very famous silversmith of the period, whose initials "F.G." are engraved upon it. Another of the inkstands has the same initials. Some of the snuffers and pentrays are likewise of the same date and marked with the same initials "F.G." The pieces in general correspond closely enough to the orders given for the supply of such articles as cited above (p. 204). Two of the pairs of snuffers, however, have the arms and cipher of Queen Anne, and are of a different pattern from the others.

The inkstands are perhaps of special interest, because it has long been the practice (only interrupted

during the war) to signify the Government's appreciation of the unpaid services of Chairmen of important Royal Commissions by presenting to them, on the termination of their labours, replicas of the Board Room inkstand made, as a rule, on a slightly reduced scale so as to be suitable for an ordinary study table.

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